



LVL03



LVL05

**NEXT GAMES**

**ANNUAL GENERAL MEETING 2018**

# CEO'S REVIEW

Teemu Huuhtanen

CEO

Annual General Meeting

17 May 2018



# LEADING MOBILE GAME PUBLISHER & DEVELOPER

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

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

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



**MOBILE**

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**DEVELOPMENT**

---



**F2P**

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**PUBLISHING**

---



**IP**

---



**TECHNOLOGY**

---

# BUSINESS MODEL



# JANUARY-DECEMBER 2017

REVENUE **+4.5%**

32.5M EUR (31.1M EUR)

**THE WALKING DEAD: NO MAN'S LAND THE ONLY  
PRODUCT GENERATING SIGNIFICANT REVENUE**

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(2016 Jan-Dec comparison in brackets)



# REVENUE

Revenue was considerably higher in the first half of 2017 compared to the same period in 2016 and declined during the second half of 2017 compared to 2016.



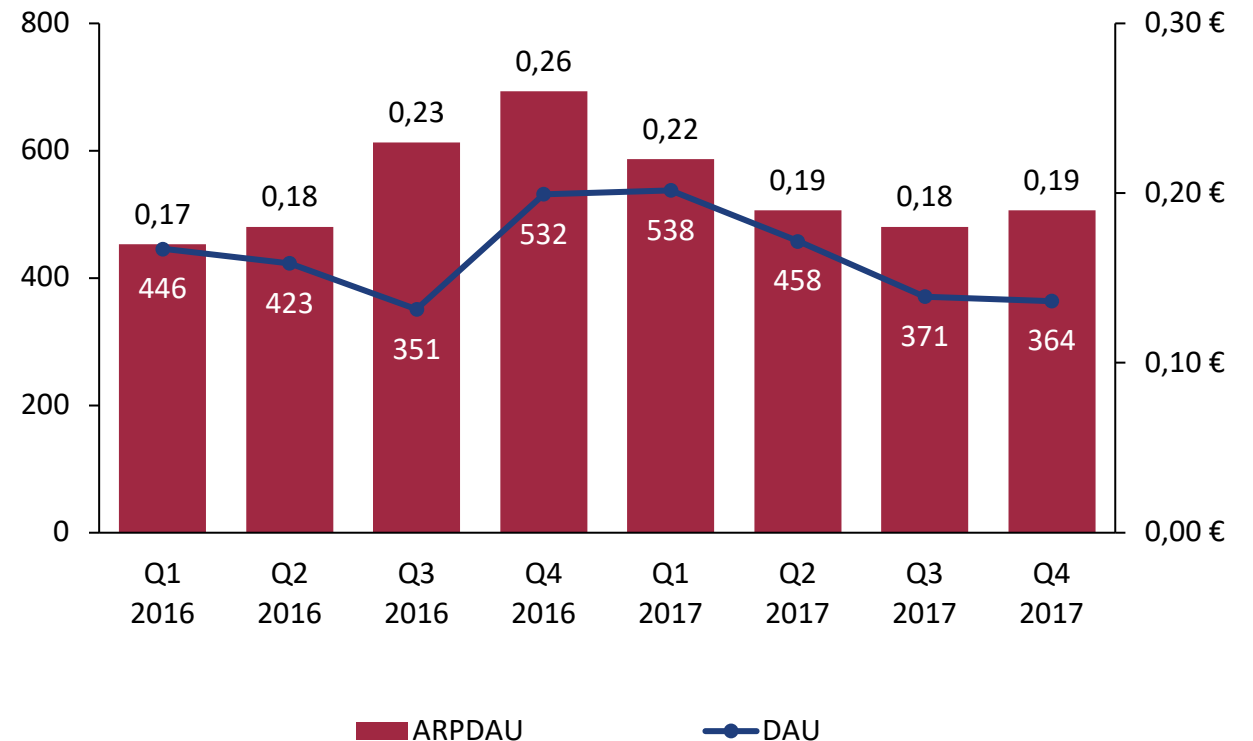
# OPERATIONAL METRICS

## DAU AND ARPD AU

Fluctuation in ARPD AU is expected as different updates have different impacts on monetization of the game.

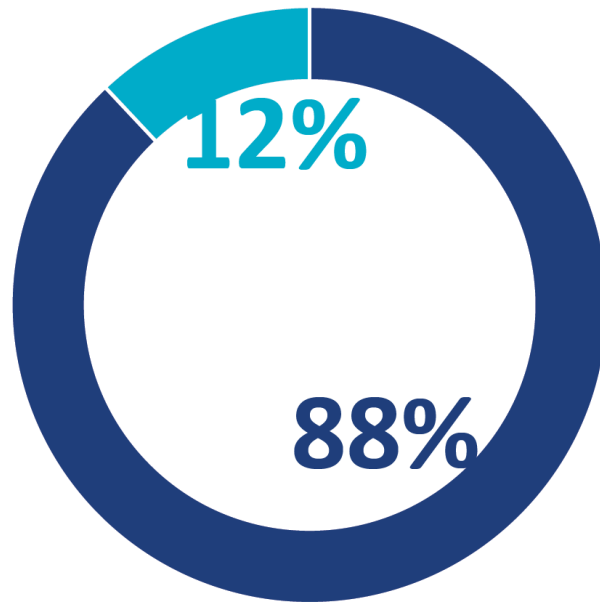
The Walking Dead: No Man's Land received fewer impactful updates than in 2016, which shows as a decline in ARPD AU and DAU.

ARPD AU is also adversely affected by current development in USD EUR exchange rate.



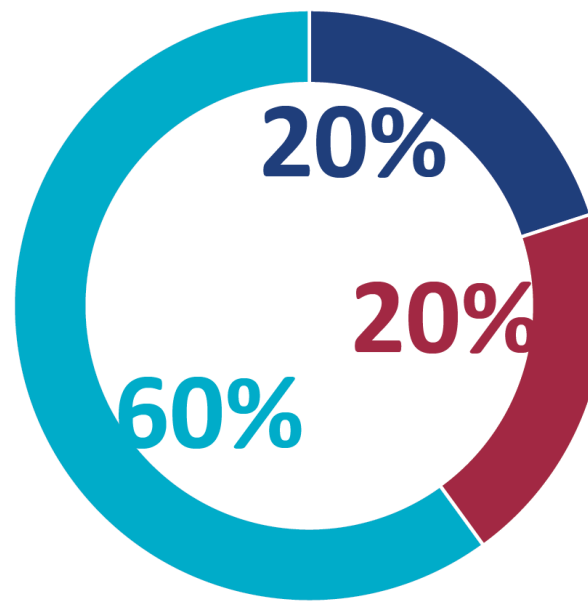
# GROSS BOOKINGS

GROSS BOOKINGS  
BY SOURCE



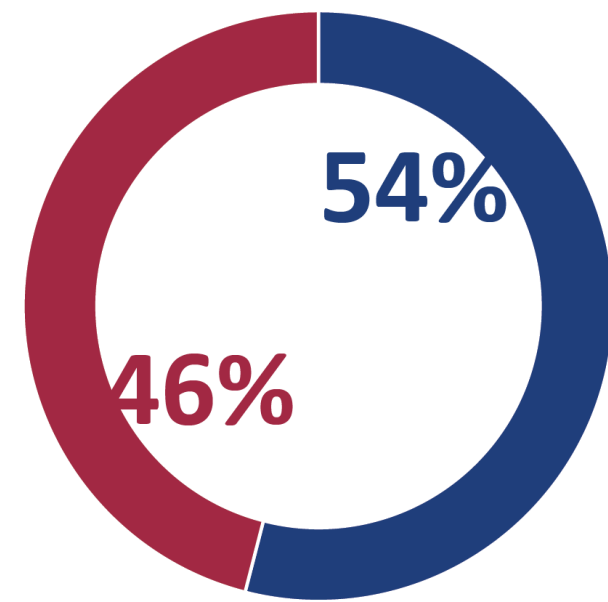
■ Ad Sales (AD)  
■ In App Purchases (IAP)

GROSS BOOKINGS  
BY GEOGRAPHY



■ North America  
■ EU-Countries  
■ Other

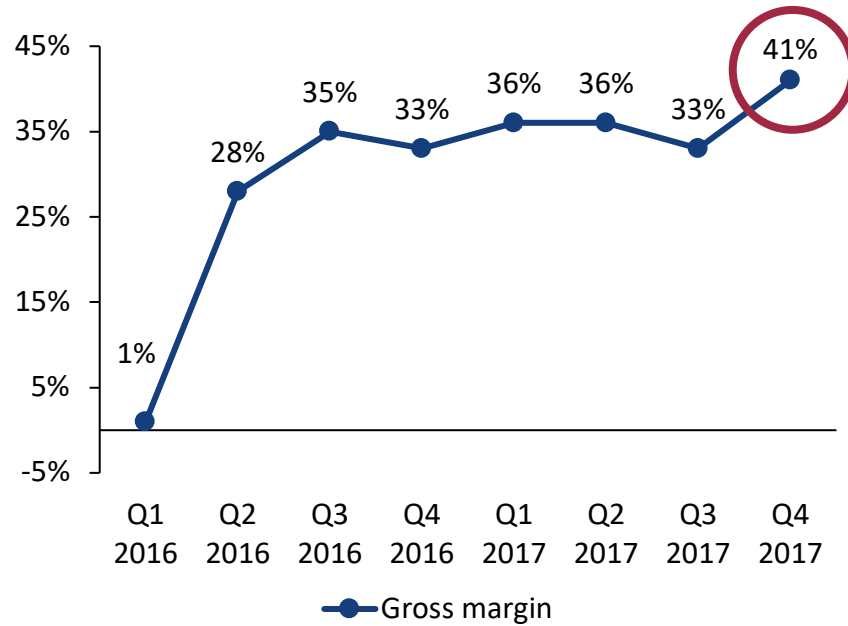
GROSS BOOKINGS  
BY PLATFORM



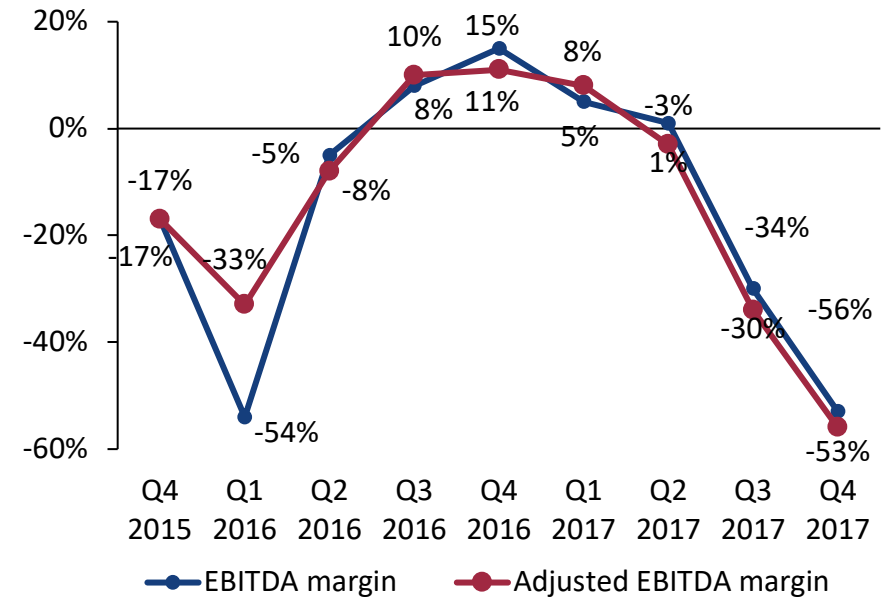
■ iOS  
■ Android

# GROSS MARGIN AND EBITDA

Gross margin (%)



EBITDA and adjusted EBITDA margin (%)



**NO MAN'S LAND OPERATED PROFITABLY – INVESTMENTS IN PRODUCT DEVELOPMENT REFLECTED IN EBITDA**

**4 NEW GAMES IN DEVELOPMENT VS. 2 AT THE TIME OF IPO**

# JANUARY-DECEMBER 2017

EBIT **-6.4M EUR**

(-1.6M EUR)

PRODUCT DEV COSTS **3.4M EUR**

(0.5M EUR)

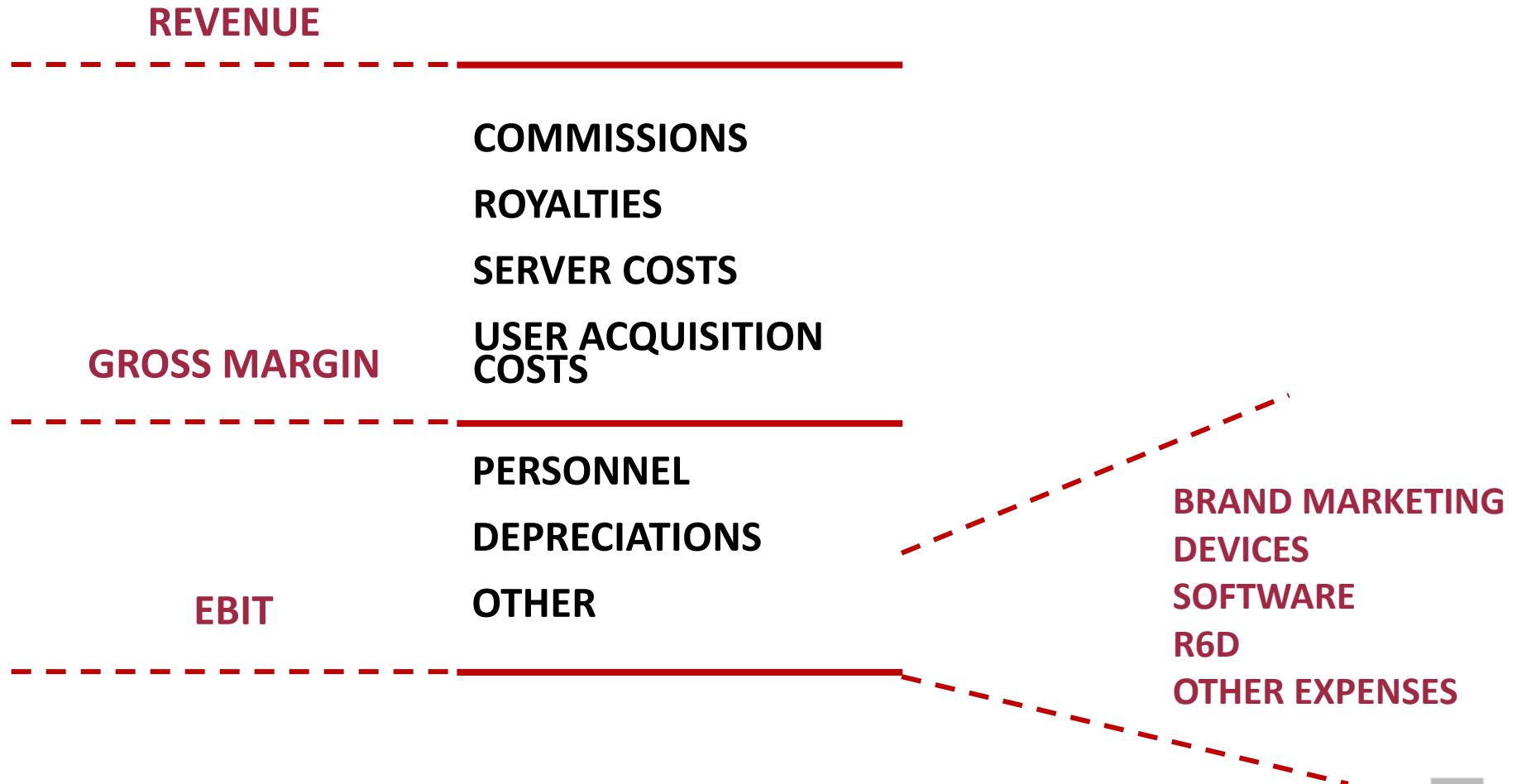
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**NEW PROJECTS & RECRUITMENT – IPO –  
BUSINESS DEVELOPMENT COSTS**

Next Games does not capitalize its R&D expenses related to game development  
(2016 Jan-Dec comparison in brackets)



# COST STRUCTURE



# Income Statement

	Next Games Oyj, Group	Next Games Oyj, parent company
	2017	2016
EUR thousand	(audited)	(audited)
<b>Revenue</b>	<b>32 497</b>	<b>31 112</b>
Capitalized development for entity's own use	0	254
Other operating income	22	1 238
Raw materials and services	-20 547	-22 860
Personnel expenses total	-6 656	-4 802
Depreciation, amortisation and write-offs total	-1 552	-427
Other operating expenses	-10 143	-6 096
<b>Operating profit (loss)</b>	<b>-6 379</b>	<b>-1 582</b>
Financial income and expenses	-470	-62
<b>Profit (loss) before tax and appropriations</b>	<b>-6 849</b>	<b>-1 644</b>
Deferred tax	468	2 400
<b>Profit (loss) for the financial year</b>	<b>-6 381</b>	<b>756</b>

# Balance sheet - assets

	Next Games Oyj, Group 31.12.2017 (audited)	Next Games Oyj, parent company 31.12.2016 (audited)
EUR thousand		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	6 820	611
Tangible assets	136	143
Investments	1 074	1 101
<b>NON-CURRENT ASSETS TOTAL</b>	<b>8 030</b>	<b>1 855</b>
<b>CURRENT ASSETS</b>		
<b>Long-term debtors</b>		
Amounts owed by group undertakings		14
Other debtors	822	258
Prepayments and accrued income	480	480
Deferred taxes	2 850	2 400
<b>Long-term debtors total</b>	<b>4 152</b>	<b>3 152</b>
<b>Short-term debtors</b>		
Trade debtors	2 686	4 044
Other debtors	245	86
Prepayments and accrued income	1 574	1 786
<b>Short-term debtors total</b>	<b>4 505</b>	<b>5 916</b>
Cash in hand and at banks	26 377	3 638
<b>CURRENT ASSETS TOTAL</b>	<b>35 034</b>	<b>12 706</b>
<b>ASSETS TOTAL</b>	<b>43 064</b>	<b>14 561</b>

# Balance sheet – equity and liabilities


EUR thousand	Next Games Oyj, Group 31.12.2017 (audited)	Next Games Oyj, parent company 31.12.2016 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80	3
Invested unrestricted equity reserve	53 277	15 783
Retained earnings (loss)	-10 373	-11 133
Profit (loss) for the financial year	-6 381	756
<b>EQUITY TOTAL</b>	<b>36 602</b>	<b>5 408</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans from credit institutions	691	775
Deferred tax liability	74	
<b>Non-current liabilities total</b>	<b>765</b>	<b>775</b>
<b>Current liabilities</b>		
Loans from credit institutions	84	-
Advances received	914	2 482
Trade creditors	1 162	1 178
Other creditors	205	128
Accruals and deferred income	3 331	4 591
<b>Current liabilities total</b>	<b>5 697</b>	<b>8 378</b>
<b>LIABILITIES TOTAL</b>	<b>6 462</b>	<b>9 153</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>43 064</b>	<b>14 561</b>

# Cash Flow Statement

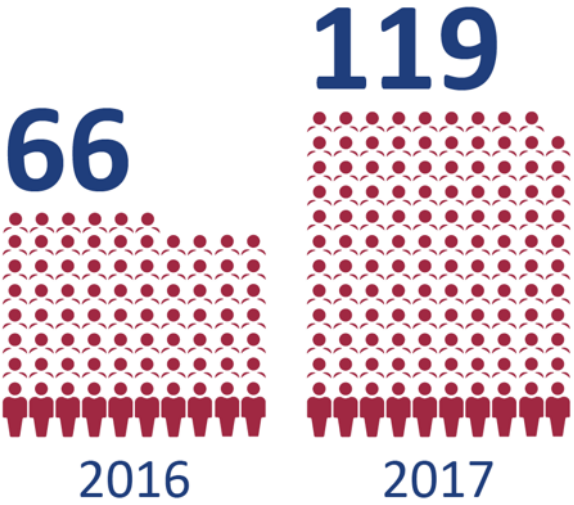
EUR thousand	Next Games Oyj, Group 1.1-31.12/2017 (audited)	Next Games Oyj, parent company 1.1-31.12/2016 (audited)
Net cash flows from operating activities	-6 746	-879
Net cash flows from investing activities	-179	-423
Net cash flows from financing activities	30 099	356
Net change in cash and cash equivalents	23 174	-946
Cash and cash equivalents at beginning of the period	3 638	4 624
Foreign exchange rate differences	-435	-40
Cash flow from the merger	-	-
Net change in cash and cash equivalents	22 739	-986
Cash and cash equivalents at the end of the period	26 377	3 638

# FOCUS ON NEW PRODUCTS

## DIVISION OF RESOURCES AND FOCUS

	 NO MAN'S LAND	NEW PROJECTS	ADMIN
2017	24%	69%	7%
2016	64%	29%	7%

% of staff working in The Walking Dead: No Man's Land, new projects and administrative work





# MARKET & 2018 OUTLOOK

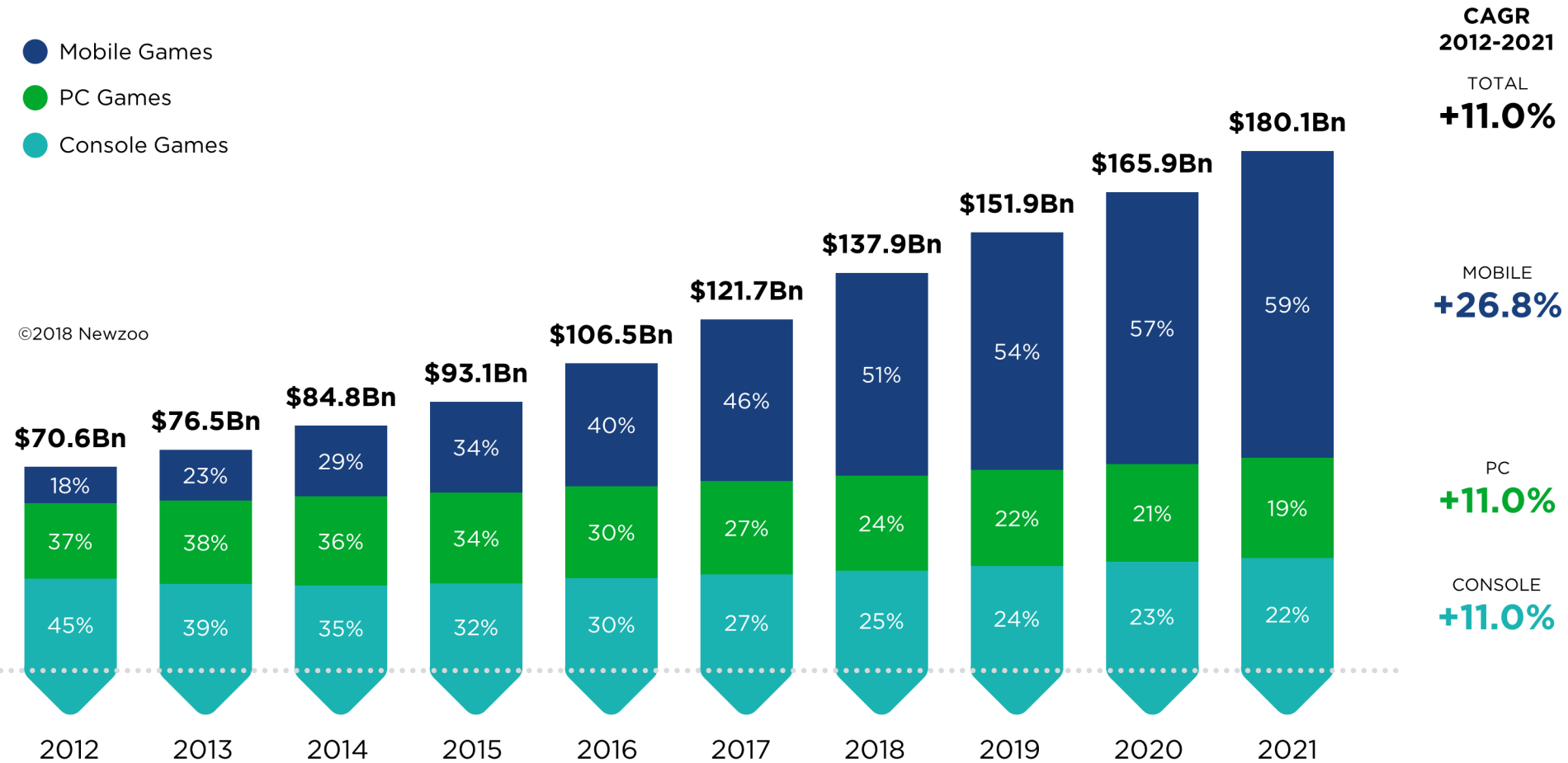


# 2012-2021 GLOBAL GAMES MARKET

REVENUES PER SEGMENT 2012-2021 WITH COMPOUND ANNUAL GROWTH RATES

- Mobile Games
- PC Games
- Console Games

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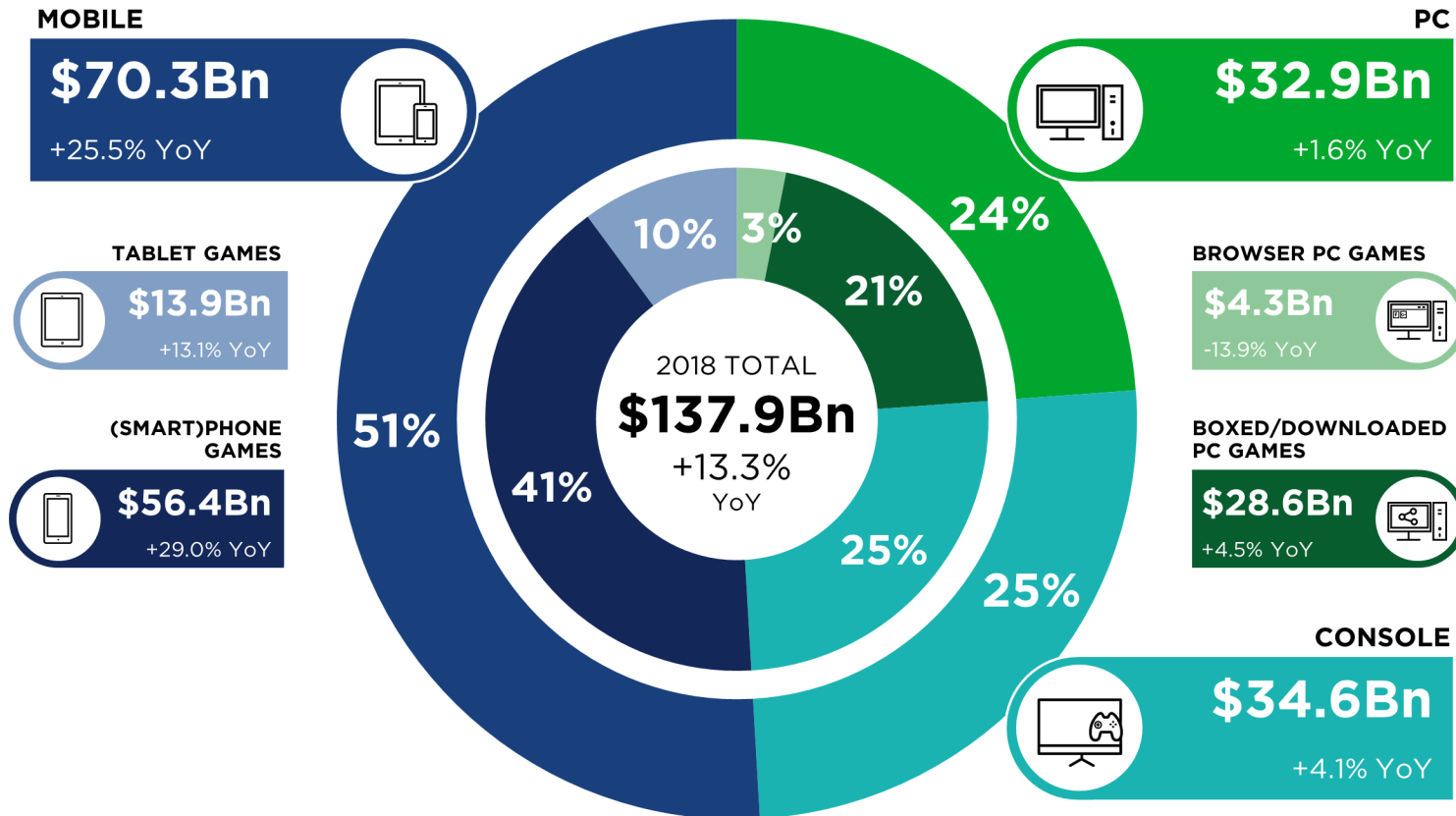


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# 2018 GLOBAL GAMES MARKET

PER DEVICE & SEGMENT WITH YEAR-ON-YEAR GROWTH RATES

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In 2018, mobile games will generate

**\$70.3Bn**

or **51%** of the global market.

Source: ©Newzoo | April 2018 Quarterly Update | Global Games Market Report

[newzoo.com/globalgamesreport](http://newzoo.com/globalgamesreport)

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# STRONG FOCUS ON NEW GAME DEVELOPMENT

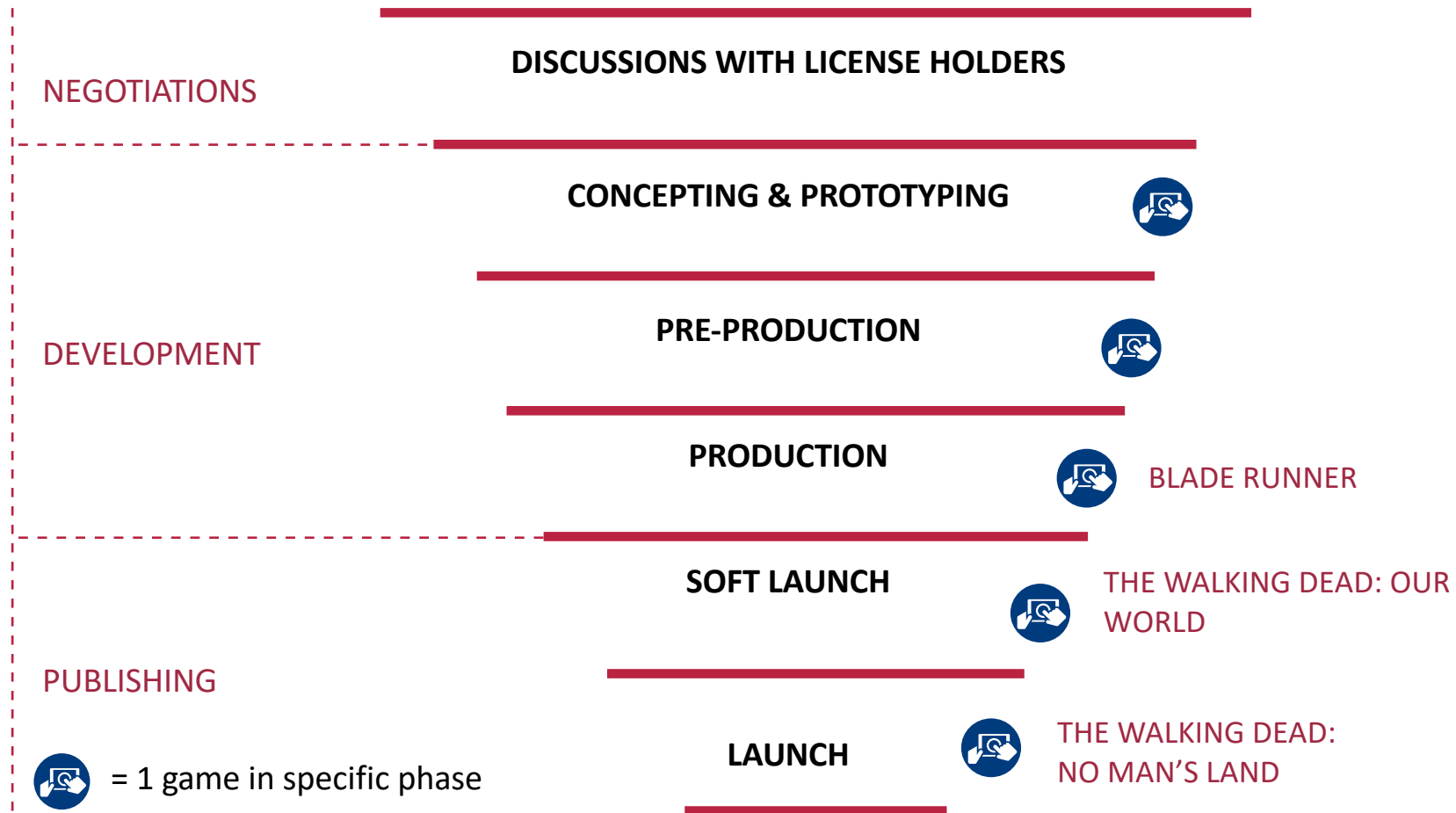


**4 NEW GAMES**

**4 DIFFERENT LICENSES**



# GAME DEVELOPMENT PIPELINE Q1/2018



THE  
**WALKING DEAD**  
NO MAN'S  
LAND



# THE WALKING DEAD: NO MAN'S LAND

- AMC announced the renewal of The Walking Dead TV show for **season 9**
- Resource and focus shift to future projects shows as a decline in our key performance indicators
- Our daily active users number was down by 1.33% and monthly active users by 18.7% from 2016
- January and February were especially challenging months, sales picked up in March due to successful marketing campaigns and game updates
- In relation to the resource and marketing investments during Q1, further developing the game was still sustainable





THE  
**WALKING DEAD**  
**OUR WORLD**

THE  
**amc WALKING DEAD**

**NG** **NEXT GAMES**

A completely unique **Social,**  
**Location Based, AR, Collector** game based on  
AMC's **The Walking Dead.**

A truly **immersive experience**  
combining a **strong IP** with the **best tech** out there.

# THE WALKING DEAD: OUR WORLD Q1/2018

- Google Maps as a partner
- Soft launch
  - Philippines
  - Australia
  - Norway
- Next Games estimates the global launch to take place in the beginning of Q3/2018





# BLADE RUNNER

# Blade Runner

- The development of the Blade Runner game is proceeding as planned
- Soft launch phase has started in the beginning of Q2 with closed beta tests
- The company estimates that the game's first soft launch market should be opened in the end of Q2 2018

**BLADE RUNNER**



ALCON  
INTERACTIVE GROUP



**NEXT GAMES**



One of the four games in development, is a project with NBCUniversal, known for multiple popular global movie franchises and tv series.

# NEW MANAGEMENT TEAM



**CEO**  
Teemu  
Huuhtanen



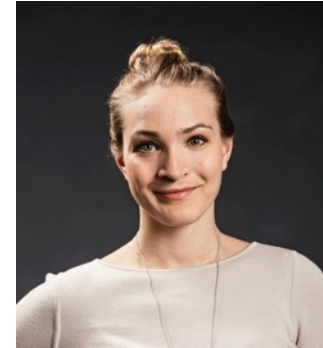
**CMO**  
Saara  
Bergström



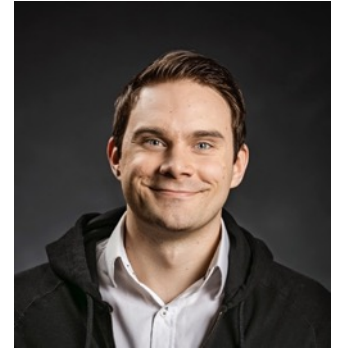
**CTO**  
Kalle  
Hiitola



**CPO**  
Emmi  
Kuusikko



**CFO**  
Annina  
Salvén



**COO**  
Joonas  
Viitala