



# Next Games January - December 2021

14 March 2022



# Today's Speakers



**Teemu Huuhtanen**  
Chief Executive Officer



**Annina Salvén**  
Chief Financial Officer

# Today's agenda

## **Market & Business Review**

Teemu Huuhtanen

## **Financial Review**

Annina Salvén

## **2022 and Beyond**

Teemu Huuhtanen





# 2021 Highlights

**Teemu Huuhtanen**  
Chief Executive Officer

# Focus on new games and R&D

- By Q4 we had four teams working under our New Games umbrella
- On average 61% (58%) of employees worked in R&D developing new products.
- Both of The Walking Dead games, No Man's Land and Our World, improved their profitability



**Q1 2021:** Share issue to support future growth

**Q4 2021:** Up to 16.5 million USD co-development agreement

**Q4 2021:** Stranger Things: Puzzle Tales released in key markets

**2022:** Netflix announced public cash tender offer for all shares in Next Games.

# Financial Highlights



## Revenue

25.2 (27.2)

## EBITDA

-0.6 (0.5)

## Employees end of 2021

121 (104)

## Publishing EBITDA

5.6 (6.4)

22% (24%) of revenue

## Research & Development

6.7 (5.6)

27% (21%) of revenue

# Market Overview

# Global Games Market Revenues

## Global Games Market

2021 → 2024 estimated  
**\$175.8** billion **\$218.7** billion  
(-1.1% YoY)

## Global Mobile Games Market

2021 → 2024 estimated  
**\$90.7** billion **\$116.4** billion  
(+4.4% YoY)

**2.8 billion** of the world's 3.0 billion gamers this year will play on a mobile device.

The global games market is projected to maintain **healthy growth at +8.7%** CAGR (2019 to 2024)



# Mobile Gaming Trends

1. Major **changes to the app store distribution ecosystem** imminent
2. **IDFA deprecation** caused major disruption
3. The **value of well-known brands** in gaming is increasing
4. **Consumer expectations growing exponentially more complex**



# Business Review

Publishing Operations and  
Product Development in 2021



# Puzzle Tales Rollout

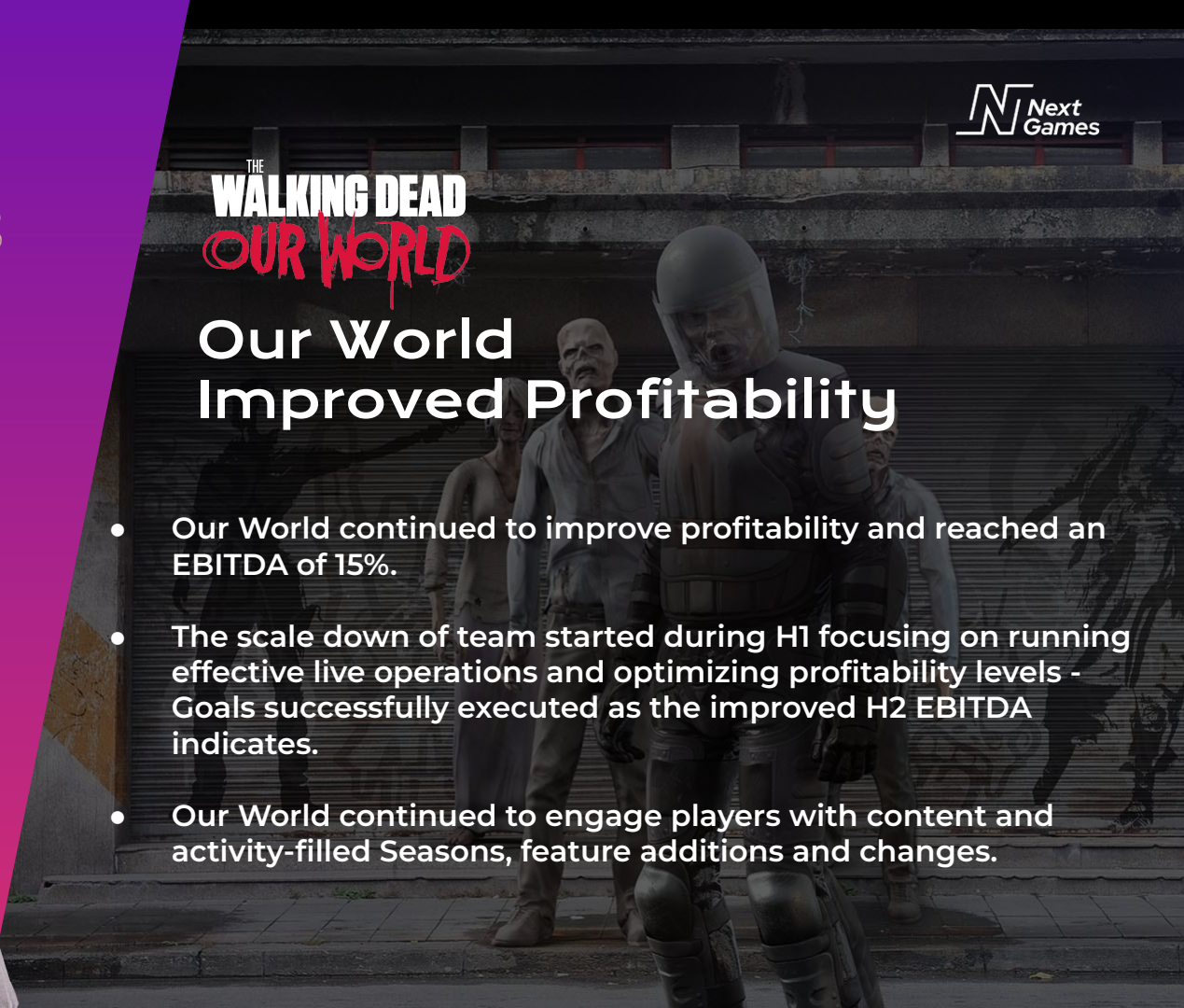
- Released to first markets in December 2020, and continued active development in 2021 as the largest production for the company.
- Opened in the US on Android in September, followed by iOS in October.
- Strategically grown to 50k DAU by the end of 2021. Global ARPDAU improved to \$0.24 in December 2021.
- Improvements to monetization in implementation and growth is planned to coincide with the release of season 4 of Stranger Things.



A full-body image of Rick Grimes from The Walking Dead, holding a knife and pointing forward, set against a pink background.

# THE WALKING DEAD OUR WORLD

## Our World Improved Profitability

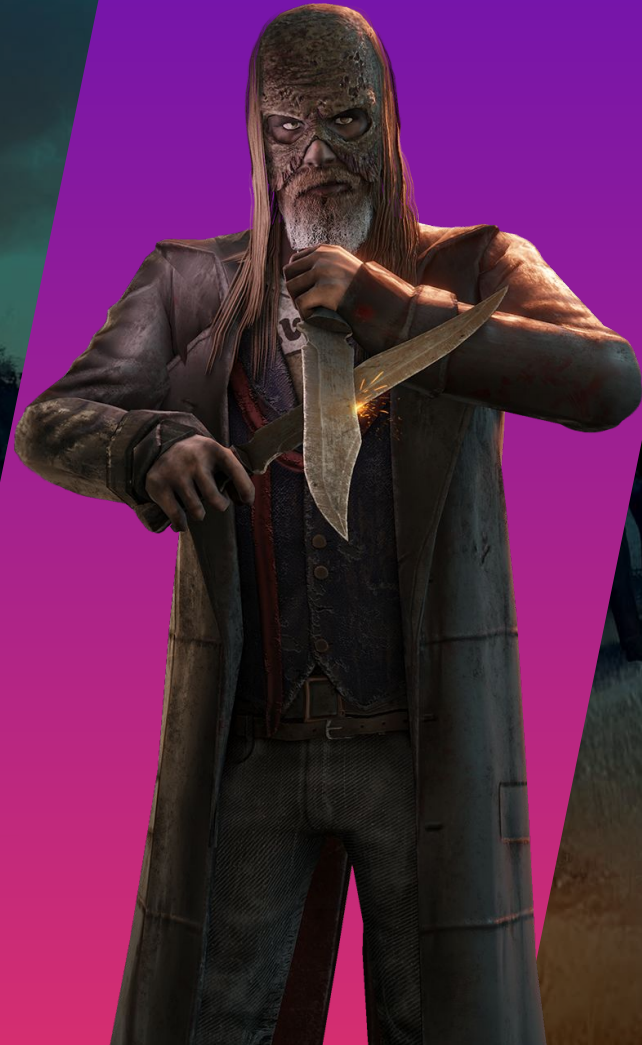
- Our World continued to improve profitability and reached an EBITDA of 15%.
  - The scale down of team started during H1 focusing on running effective live operations and optimizing profitability levels - Goals successfully executed as the improved H2 EBITDA indicates.
  - Our World continued to engage players with content and activity-filled Seasons, feature additions and changes.
- 
- A dark, atmospheric background image showing several characters from The Walking Dead, including a man in a gas mask and others in a post-apocalyptic setting.





## No Man's Land Highly Profitable

- No Man's Land continued a highly profitable and stable monthly performance throughout 2021 and reached an EBITDA above 30%
- The focus of the game was on expanding live operations and bringing in content from the TV-show as well as the introduction of a new game mode to further drive engagement.



A promotional image for the mobile game 'Blade Runner: Rogue'. The background is a dark, atmospheric scene of a city at night, likely Los Angeles, with a bridge structure visible. A large, translucent, pinkish-purple digital projection of a woman's face and upper body dominates the left side of the frame. She has short, straight hair and is looking towards the right. In the lower right, a man in a dark coat and hat stands on a rooftop or balcony, looking up at the projection. The overall color palette is dark with strong pink and purple neon accents.

THE OFFICIAL MOBILE GAME OF

# **BLADE RUNNER**

## ROGUE

Mutual project discontinuation decision made  
in good collaboration with Alcon Entertainment  
after the reporting period.

# Focus on New Products

- During Q4 2020 Next Games organized all new game initiatives under one unified umbrella unit called New Games.
- The goal of the New Games unit is to work as an **internal incubator and accelerator** for Next Games' new game initiatives.

Q4 2021:

**4 new teams** working on  
**4 new games**



# Financial Review

**Annina Salvén**  
Chief Financial Officer



# P&L Key Figures

Revenues improved H2 2021, and amounted to EUR 12.9 (12.8) million with Revenues growing in the fourth quarter by 12% in comparison to 2020.

For the full year revenue was EUR 25,2 (27.2) million, a decline of 7% compared to the previous year.

EBITDA decreased in 2021, and was -0.6 (0.5) million euros. Next Games' comparable operating profit (EBIT) decreased to EUR -5.6 (-3.4) million.

EUR million	Jul-Dec	Jul-Dec	2021	2020
	2021	2020		
<b>Revenue</b>	<b>12.9</b>	<b>12.8</b>	<b>25.2</b>	<b>27.2</b>
Cost of revenue	-5.7	-6.1	-11.7	-12.9
<b>Gross profit</b>	<b>7.2</b>	<b>6.7</b>	<b>13.5</b>	<b>14.3</b>
Other operating income	0.4	0.3	0.8	0.7
Research and development	-3.6	-2.9	-6.7	-5.6
Sales and Marketing	-5.6	-4.5	-9.9	-9.5
Administrative	-1.7	-1.3	-3.2	-3.2
<b>Operating result (EBIT)</b>	<b>-3.4</b>	<b>-1.7</b>	<b>-5.6</b>	<b>-3.4</b>

EUR million	Jul-Dec	Jul-Dec	2021	2020
	2021	2020		
Operating Result (EBIT)	-3.4	-1.7	-5.6	-3.4
Depreciations	2.7	2.0	5.0	3.9
<b>EBITDA</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.6</b>	<b>0.5</b>

# Publishing Operations

Improved profitability of publishing operations maintained with both **No Man's Land** and **Our World** as flagships of profitability.

In Q4 2021 **Stranger Things: Puzzle Tales** was released to key markets.

As expected, games require **higher** proportional marketing investments in the beginning, which affected publishing profitability for Q4 2021.

EUR million	2021	2020	Change
Revenue	25.2	27.2	-7%
Gross Profit	13.5	14.3	-6%
Other Operating Income	-	0.1	-100%
Sales and Marketing costs	-9.9	-9.5	4%
<b>Publishing Operations EBIT</b>	<b>3.6</b>	<b>4.8</b>	<b>-26%</b>
Publishing Operations Depreciations	2.0	1.6	26%
<b>Publishing Operations EBITDA</b>	<b>5.6</b>	<b>6.4</b>	<b>-13%</b>
EBITDA %	22 %	24%	2ppt

# Research & Development

Research and Development activities increased during 2021.

In total, activities amounted to **EUR 6.7 (5.6) million and were related to both game and technology development.**

During the reporting period, the company capitalized in accordance with IAS 38 EUR 5.5 (3.5) million.

On average **61% (58%) of employees worked in R&D developing new products.**

EUR million	2021	2020	Change
Personnel expenses	-5.7	-4.5	26%
Outsourcing	-1.9	-0.8	140%
Share-based payments	-0.3	-0.2	41%
General cost allocation	-1.5	-1.6	-4%
<b>Total costs</b>	<b>-9.4</b>	<b>-7.0</b>	34%
Depreciations	-2.8	-2.1	32%
Capitalization	5.5	3.5	56%
<b>Total</b>	<b>-6.7</b>	<b>-5.6</b>	20%
Percentage of revenue	27%	21%	6ppt

# Balance Sheet, Key Figures

Balance Sheet strengthened during fiscal year 2021

Non-Current assets consisted mainly of increased investments into R&D

Current assets consisted of cash and cash equivalents of €2.2M with receivables amounting to €5.0 million as payments for contracts had not been received yet by Dec 31.

Long-term liabilities increased primarily due to changes right to use assets, a prolonged contract for leasing.

Short term liabilities had stable trade payables but an increase in accrued liabilities

EUR million	31 Dec 2021	31 Dec 2020
Non-current assets	26.3	21.9
Current assets	7.2	8.2
<b>Total assets</b>	<b>33.5</b>	<b>30.1</b>
Equity	18.6	19.4
<b>Total liabilities</b>	<b>14.9</b>	<b>10.7</b>
Long-term liabilities	4.4	2.7
Short-term liabilities	10.5	8.0
<b>Total equity and liabilities</b>	<b>33.5</b>	<b>30.1</b>

# 2022 and Beyond

**Teemu Huuhtanen**  
Chief Executive Officer

# Outlook for 2022

Next Games will aim to improve the performance of key games and continue developing new games in 2022. Next Games expects R&D and Administration costs to maintain a similar level to 2021.

# Netflix's public cash tender offer for all shares in Next Games

## Key Highlights

- Netflix announced a voluntary recommended public cash tender offer for all the shares in Next Games on March 2, 2022
- Offer price is EUR 2.10 - A premium of approx. 125.6 % to the closing price (EUR 0.93) on March 1, 2022, the day preceding the announcement
- The offer values Next Games' total equity at approx. EUR 65 million
- Major shareholders, Jari Ovaskainen and AMC Networks representing approx. 43.3 % of the shares and votes in the company, have accepted the offer subject to certain customary conditions.



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**NETFLIX**

# Benefits for Next Games Level-Up!

A unique opportunity to level-up the studio on all fronts and continue on our mission together.

An exciting opportunity for current employees.

Strengthened ability to attract international top notch talent.

Ability to focus on the creative and innovation aspects with the support of a strong partner.

Building the  
Next Chapter in  
Gaming.

Together.





# Next Steps

# Key Dates

## **2 March 2022**

Signing of the combination agreement and announcement of the Tender Offer

## **14 March 2022**

Offer period commences, publication of Tender Offer document

## **8 April 2022** (on or about)

Offer period ends

## **Q2 2022**

The transaction is expected to close in the second quarter of 2022, subject to customary closing conditions.

## More information

- Offer announcement release and other materials are available at [www.nextgames.com/investors/netflix-offer](http://www.nextgames.com/investors/netflix-offer)
- Next Games investor relations contacts: [investors@nextgames.com](mailto:investors@nextgames.com)

[www.nextgames.com/investors/netflix-offer](http://www.nextgames.com/investors/netflix-offer)



**Questions & Answers.**



THANK YOU.