





13.8.2021

# Today's Agenda

#### **CEO Teemu Huuhtanen**

H1 2021 Highlights Mobile Gaming – a Winner during and after the Pandemic Strategic Focus - Players First Publishing Operations and Product Development Activities

#### **CFO Annina Salvén**

Financial Review

#### **CEO Teemu Huuhtanen**

Outlook and Concluding Remarks





## NETFLIX

# Puzzle Tales

Stranger Things: Puzzle Tales



# **DOWNLOAD NOW**





STRANGER THINGS: (TM)/(C) Netflix, Inc. 2021. Used with permission.





## Executive summary

### Performance continued both predictable and stable during the first half of 2021

We have remained EBITDA positive since the first quarter of 2020, while significantly increasing our investments in R&D.

#### Strategy implementation has increased our efficiency

By Q4 we will have three teams working under our New Games umbrella, with 66 people eg. almost 60% of our staff working on upcoming games, while our headcount has merely increased from 108 to 112.

#### Share issue to support future growth in March 2021

During the first half we executed on that promise and doubled our investment to EUR 3.6 (1.7) million in R&D, while increasing our intangible assets by EUR 3.6 million.

#### **Outlook unchanged**

We remain confident in our outlook for the full year, with a global release of Stranger Things: Puzzle Tales and Blade Runner: Rogue starting in Q3 / 2021.





## Financial Highlights



STABLE AND PREDICTABLE
PERFORMANCE CONTINUED IN HI
2021



EBITDA REMAINED POSITIVE



# Mobile gaming to account over 50% of the global games market in 2021

**\$90.7** (est.)

Mobile gaming revenue, billion

+4.4% (est.)

Mobile gaming revenue growth

\$175.8<sub>(est.)</sub>

Global games market revenue, billion

- Global games market in 2021 down 1.1% year-on-year due to the pandemic
- Pandemic hit console and PC markets the most
- Global games market forecasted CAGR (2019-2024) +8.7% to reach \$218.7 billion in 2024
- Mobile's revenue growth will continue to outperform both console and PC toward 2024

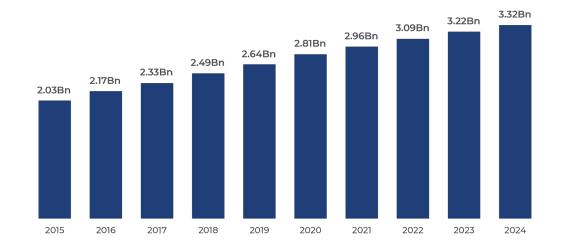
Source: Newzoo Global Games Market report 2021



# Mobile dominates growing games market

**Global Player Forecast** 

2015-2024



**3 billion** players in 2022

Of which

2.8 billion

play on mobile

Source: Newzoo Global Games Market report 2021



# Strategic focus areas

- **1.** STRENGTHENING STRATEGIC PARTNERSHIPS
- 2. ACTIVE BRAND PORTFOLIO MANAGEMENT
- 3. EFFICIENCY WITH A UNIFIED INFRASTRUCTURE
- 4. PLAYERS FIRST APPROACH



## Players first

- Our people create what we bring to our players: their well-being, freedom of expression and feeling of safety is our most valuable equity and also our main focus
- Next Games applies a zero tolerance policy to discrimination of any kind
- We have deepened our focus on **Diversity, Inclusion and Belonging**
- Board and management are diverse in respect of gender, ethnicity and background
- Next Games is committed to a 50:50 gender balance by 2030







**PUBLISHING OPERATIONS** 



PRODUCT DEVELOPMENT ACTIVITIES



#### FRAMEWORK FOR GAME LIFE-CYCLE MANAGEMENT

#### Growth

Games that have a bigger team and are supported company wide. Majority of the UA investments are here.



#### Games being developed

Games that are in various phases of development. Team-size grows as production proceeds.



#### Live Ops + Team

Games that have a small team developing the game further and doing mostly live-poeration. Games are fairly stable in revenue or declining slowly. Most of the features have already been introduced to the game.





ROGUE

#### Catalogue

Games that currently are not developed further and are not supported by UA.



# €177 million

TWD franchise lifetime revenue

No Man's Land	Jan-Jun <b>2021</b>	Jan-Jun <b>2020</b>
Revenue	7.7	7.7
EBITDA	2.4	2.3
EBITDA%	32%	29%
	Revenue EBITDA	Revenue 7.7 EBITDA 2.4

- Revenue stable
- EBITDA keeps improving

TWD:	Our World	Jan-Jun <b>2021</b>	Jan-Jun <b>2020</b>
	Revenue	4.6	6.4
	EBITDA	0.6	1.1
	EBITDA%	14%	18%

- Focus on improving profitability
- Target profitability 20% EBITDA

WALKING DEAD OUR WORLD



Now available in **Poland**, **Canada** and **the UK** 

THE OFFICIAL MOBILE GAME OF

FLAUE FUNDER ROGUE

# US release during the second half of 2021

**Still coming:** cooperative gameplay, more depth in the game economy, event-based player versus player (**PvP**) mode.

# Stranger Things roll out continues

Now available in Finland, Canada, Poland and Philippines

Global release expected in the second half of 2021

NETFLIX

STRANGER THINGS Puzzle Tales





#### **P&L KEY FIGURES**

EUR million	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Revenue	12.3	14.4	27.2
Cost of revenue	-6.0	-6.8	-12.9
Gross Profit	6.3	7.5	14.3
Other Operating income	0.4	0.4	0.7
Research and			
Development	-3.1	-2.6	-5.6
Sales and Marketing	-4.3	-5.0	-9.5
Administrative	-1.5	-1.9	-3.2
Operating Result (EBIT)	-2.2	-1.6	-3.4

EUR million	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating Result (EBIT)	-2.2	-1.6	-3.4
Depreciations	2.3	2.0	3.9
EBITDA	0.2	0.3	0.5

- Next Games revenues were EUR 12.3 (14.4) million during the reporting period, and EBITDA positive at 0.2 (0.3).
- Positive EBITDA was maintained due to the continued high profitability of the Company's publishing operations, while keeping the cost structure stable.
- Operating profit EBIT was negatively affected by a one time write off of EUR 0.3 million.
- Investments in product development and R&D increased during the reporting period.

#### **Publishing Operations is stable**

Publishing Operations Profitability

	Jan-Jun	Jan-Jun	
EUR million	2021	2020	2020
Revenue	12.3	14.4	27.2
Gross Profit	6.3	7.5	14.3
Other Operating Income	-	0.1	0.1
Sales and Marketing costs	-4.3	-5.0	-9.5
Publishing Operations EBIT	2.0	2.6	4.8
Publishing Operations			
Depreciations	0.9	0.8	1.6
<b>Publishing Operations EBITDA</b>	3.0	3.4	6.4

24%

24% 24%

#### **Research and Development increased**

Research and Development

	Jan-Jun 🕽	Jan-Jun Jan-Jun		
EUR million	2021	2020	2020	
Total costs	-3.8	-3.3	-7.0	
Depreciations	-1.4	-1.0	-2.1	
Capitalization	2.1	1.7	3.5	
Total	-3.1	-2.6	-5.6	
Percentage of revenue	-25%	-18%	-21 %	

#### **CASH POSITION**

EUR million	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net cash flows from operating			
activities	0.6	1.3	1.8
Net cash flows from investing activities	-3.6	-1.7	-3.5
Net cash used in financing activities	3.5	-0.7	-1.3
Net decrease/increase in cash and cash			
equivalents	0.6	-1.1	-3.4
Cash and cash equivalents as of			
January 1st	4.3	7.7	7.7
Translation differences	0.1	0.0	-0.3
Cash and cash equivalents	·	<b></b>	
as of June 30th	4.9	6.5	4.3

- Net cash flow from operating activities remained positive.
- Next Games invested heavily in R&D.
- The majority of investing activities related to game development and license fee minimum guarantees paid during the reporting period, causing higher capital expenditure.
- Cash was positively affected by the capital raise in March.



## Mid-term financial targets

We will aim for EUR 250 million annual revenue

We want to achieve EBITDA > 23% EBIT > 18%

Next Games has focused on improving the profitability of its publishing operations and supported its future growth by doubling its investments in R&D in H1 2021.

#### OUTLOOK

#### Outlook 2021

Next Games expects revenues to grow to at least EUR 40 million in 2021. The Company is targeting profitable growth with full year EBITDA positive in 2021.

#### **Basis for outlook**

The outlook is based on an estimate that The Walking Dead games will generate revenue on a steady or slightly declining trend. Revenue for Stranger Things will increase during 2021, and Blade Runner will be released in key markets.



## Executive summary

#### Performance continued both predictable and stable

We have remained EBITDA positive since the first quarter of 2020, while significantly increasing our investments in R&D.

#### Strategy implementation has increased our efficiency

By Q4 we will have three teams working under our New Games umbrella, with 66 people eg. almost 60% of our staff working on upcoming games, while our headcount has merely increased from 108 to 112.

#### **Share issue to support future growth in March 2021**

During the first half we executed on that promise and doubled our investment to EUR 3.6 (1.7) million in R&D, while increasing our intangible assets by EUR 3.6 million.

#### **Outlook unchanged**

We remain confident in our outlook for the full year, with a global release of Stranger Things: Puzzle Tales and Blade Runner: Rogue starting in Q3 / 2021.







# Q&A



# THANK YOU

Nextgames.com | @nxtgms | facebook.com/nxtgms