



***NEXT GAMES***™

## 2017 ANNUAL REVIEW

January 30, 2018

# BUSINESS REVIEW

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CEO

# FINANCIAL REVIEW

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# BUSINESS REVIEW



# LEADING MOBILE GAME PUBLISHER & DEVELOPER

Approachable, **highly engaging** service-based (free to play) mobile games.

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**One-Stop-Shop:** We develop, market & run the live game's live operations.

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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**

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**F2P**

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**PUBLISHING**

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**IP**

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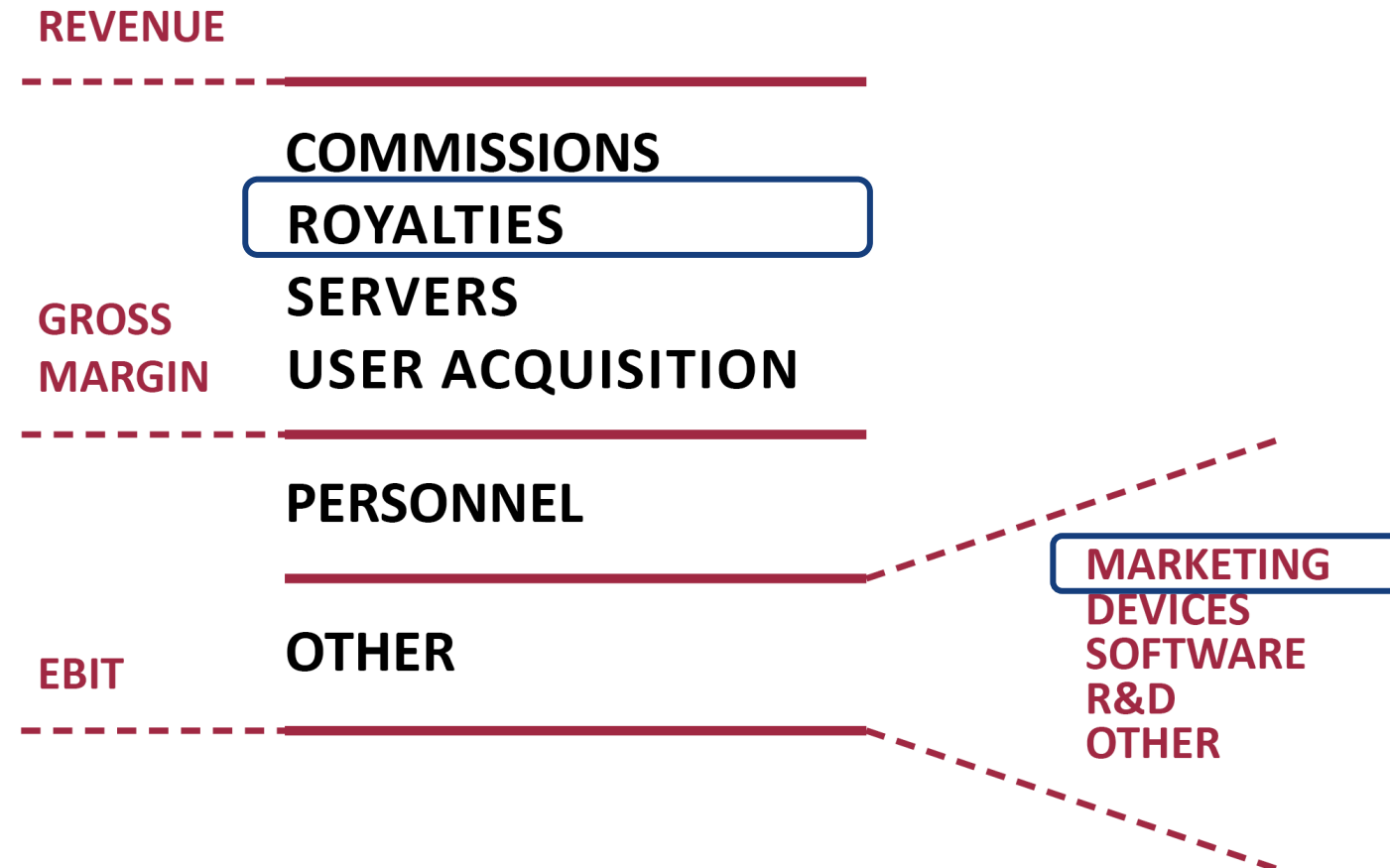
**TECHNOLOGY**

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# BUSINESS MODEL



# BIG BRANDS DRIVE DISCOVERY AND SCALE



# JANUARY-DECEMBER 2017

REVENUE **+4.5%**

32.5M EUR (31.1M EUR)

GROSS MARGIN **37%**

(27%)

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

(2016 Jan-Dec comparison in brackets)





# JANUARY-DECEMBER 2017

EBIT **-6.4M EUR**

(-1.6M EUR)

PRODUCT DEV COSTS **3.4M EUR**

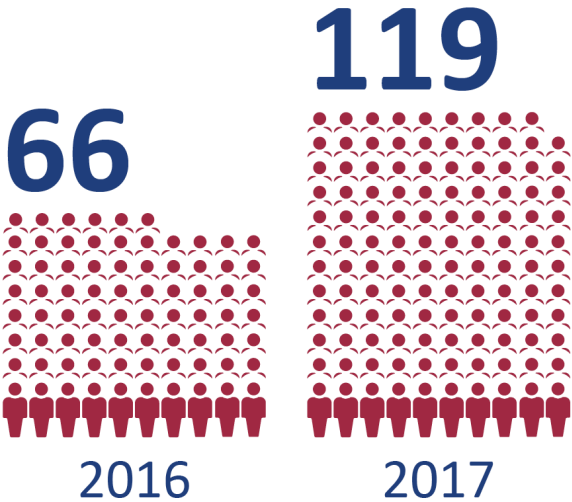
(0.5M EUR)

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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)

# 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

# THE WALKING DEAD: NO MAN'S LAND



- The game turned **2 years old** and continued delivering an immersive tie-in with the TV show
- 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

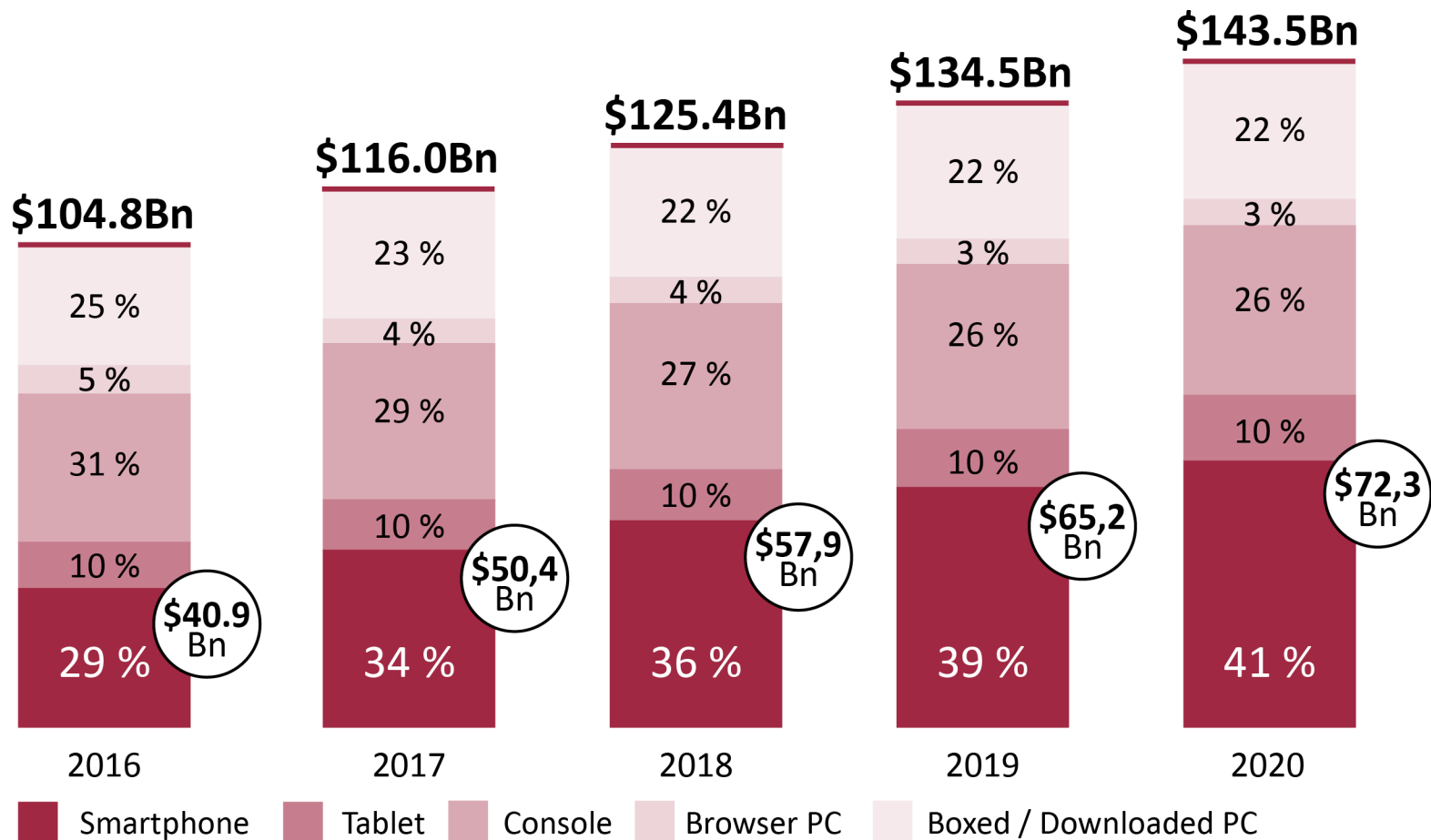




# MARKET OVERVIEW

# 2016-2020 GLOBAL GAMES MARKET

BY 2020, MORE THAN HALF OF TOTAL REVENUES WILL BE GENERATED ON MOBILE DEVICES.



In 2018 the global games market will generate

**\$125.4Bn**

billion in game software revenues.

In 2018 mobile games will generate \$57.9Bn -

**46%**

of the global market.

Newzoo expects the current growth of the global games market to continue with a 2016-2020 CAGR of

**+8,2%**

to reach revenues of \$143.5 billion in 2020.



# STRONG FOCUS ON NEW GAME DEVELOPMENT

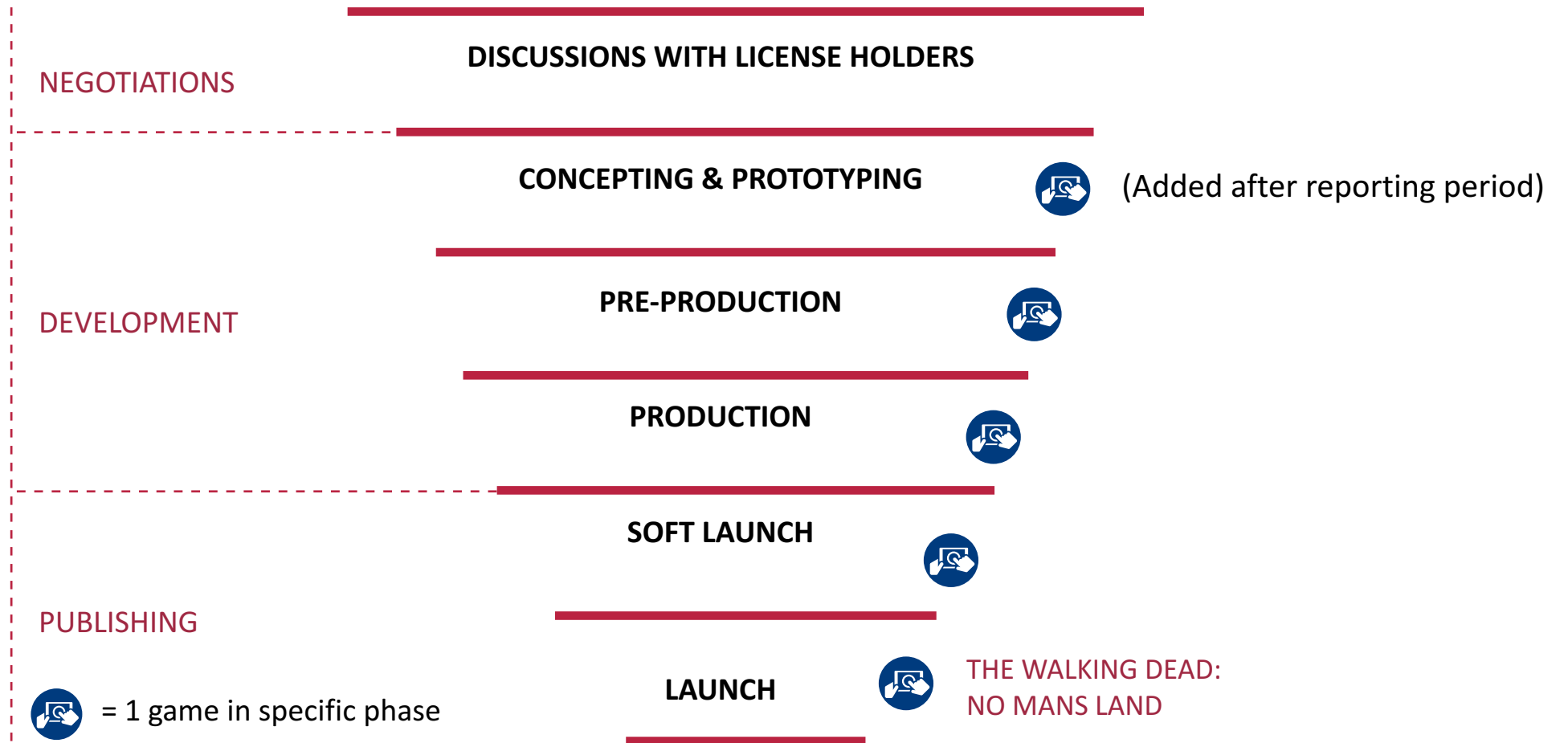


# 4 NEW GAMES

## 4 DIFFERENT LICENSES



# GAME DEVELOPMENT PIPELINE





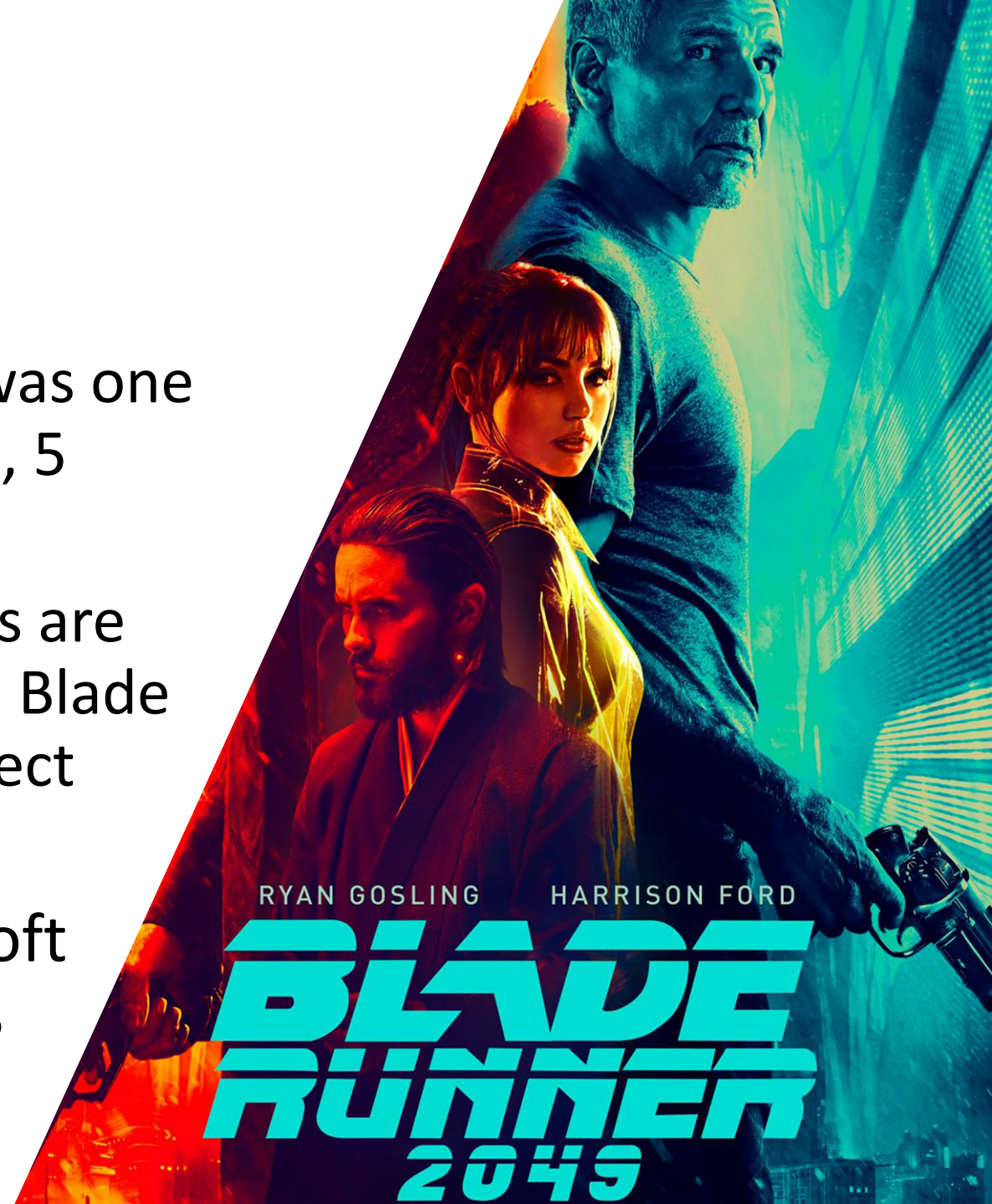
# THE WALKING DEAD: OUR WORLD

- A first-of-its-kind location-based augmented reality mobile game
- Entered the first stage of soft launch in December 2017
- Game opens for testing in one market in January 2018
- Expected to launch globally during Q2 2018



# BLADE RUNNER

- The critically acclaimed sci-fi-thriller was one of the most anticipated films of 2017, 5 nominations for The Oscars 2018
- Alcon Entertainment and Next Games are creating a mobile game based on the Blade Runner movie franchise and the project proceeds according to schedule
- We anticipate the game to enter soft launch during the first half of 2018





# FINANCIAL REVIEW



# Key Financial Figures

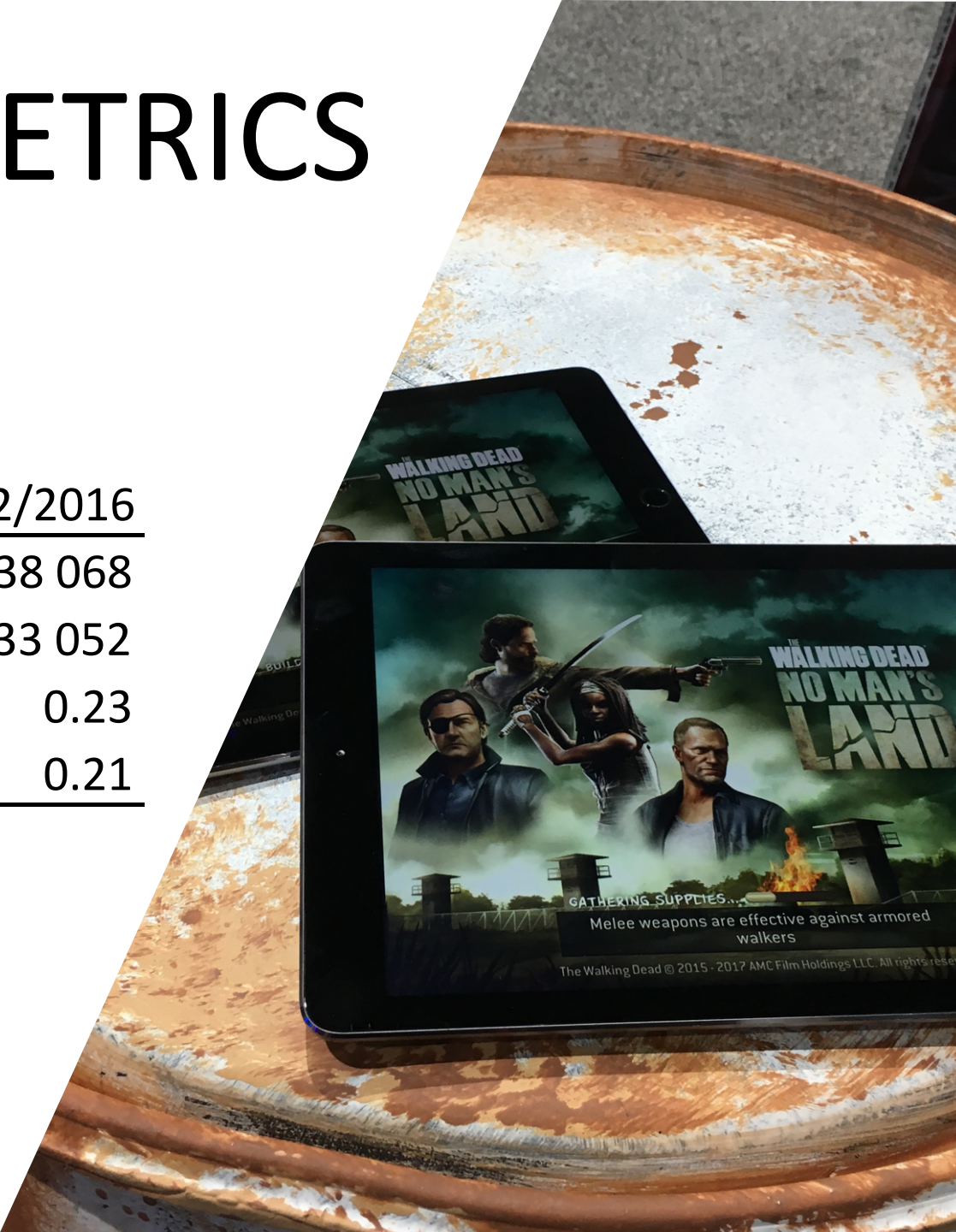
(EUR 1000)	01-12/2017	01-12/2016
Revenue	32 497	31 112
Gross bookings	30 930	33 593
Gross margin	11 950	8 252
Operating profit (-loss) (EBIT)	-6 379	-1 582
EBITDA	-4 827	-1 155
Adjusted EBITDA	-5 168	-709
Earnings per share, undiluted (€)	-0.37	0.06
Earnings per share, diluted (€)	-0.35	0.06
<b>As percentage of revenue</b>		
Gross margin (%)	37%	27%
EBITDA margin (%)	-15%	-4%
Operating result (%)	-20%	-5%
<b>As percentage of gross bookings</b>		
Adjusted EBITDA margin (percent)	-17%	-2%





# KEY OPERATIONAL METRICS

	1-12/2017	1-12/2016
DAU	432 241	438 068
MAU	1 326 318	1 633 052
ARPDau (USD)	0.22	0.23
ARPDau (EUR)	0.20	0.21



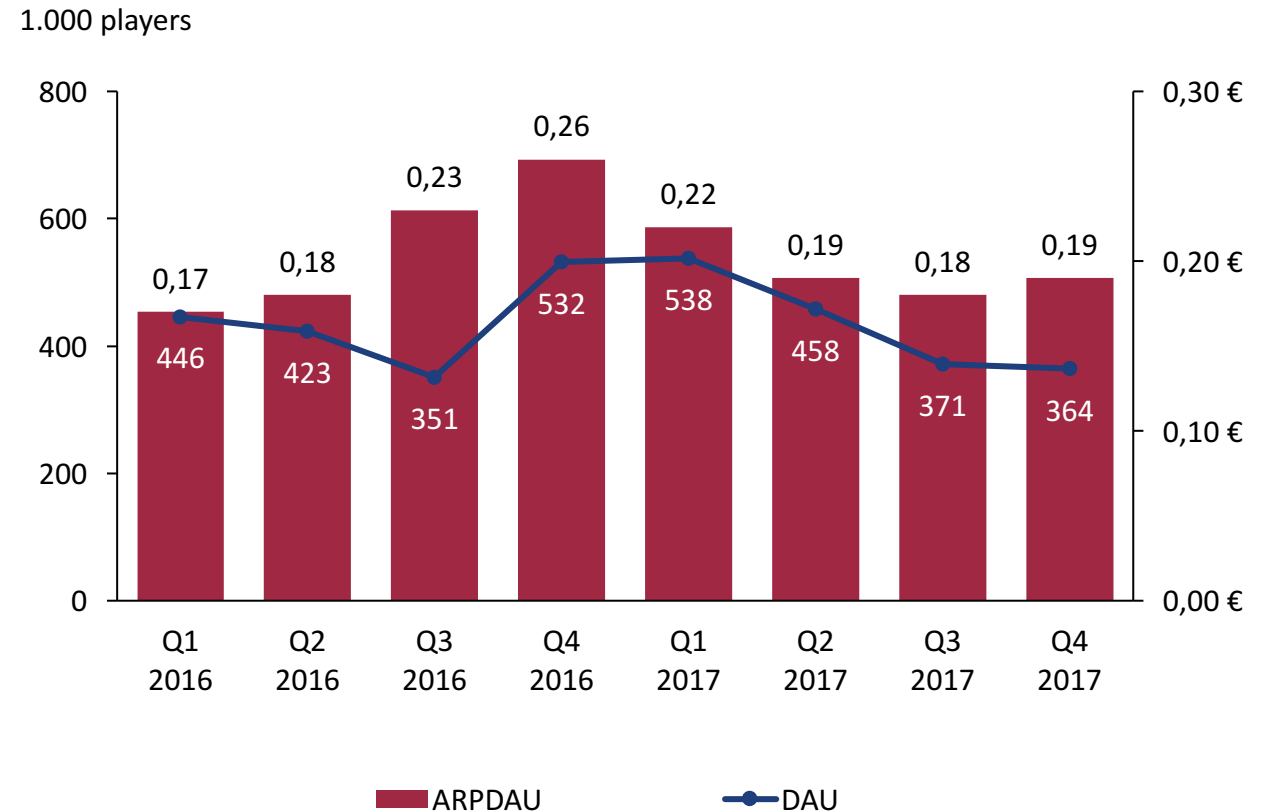
# OPERATIONAL METRICS

## 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 is reflected in the ARPD AU trend.

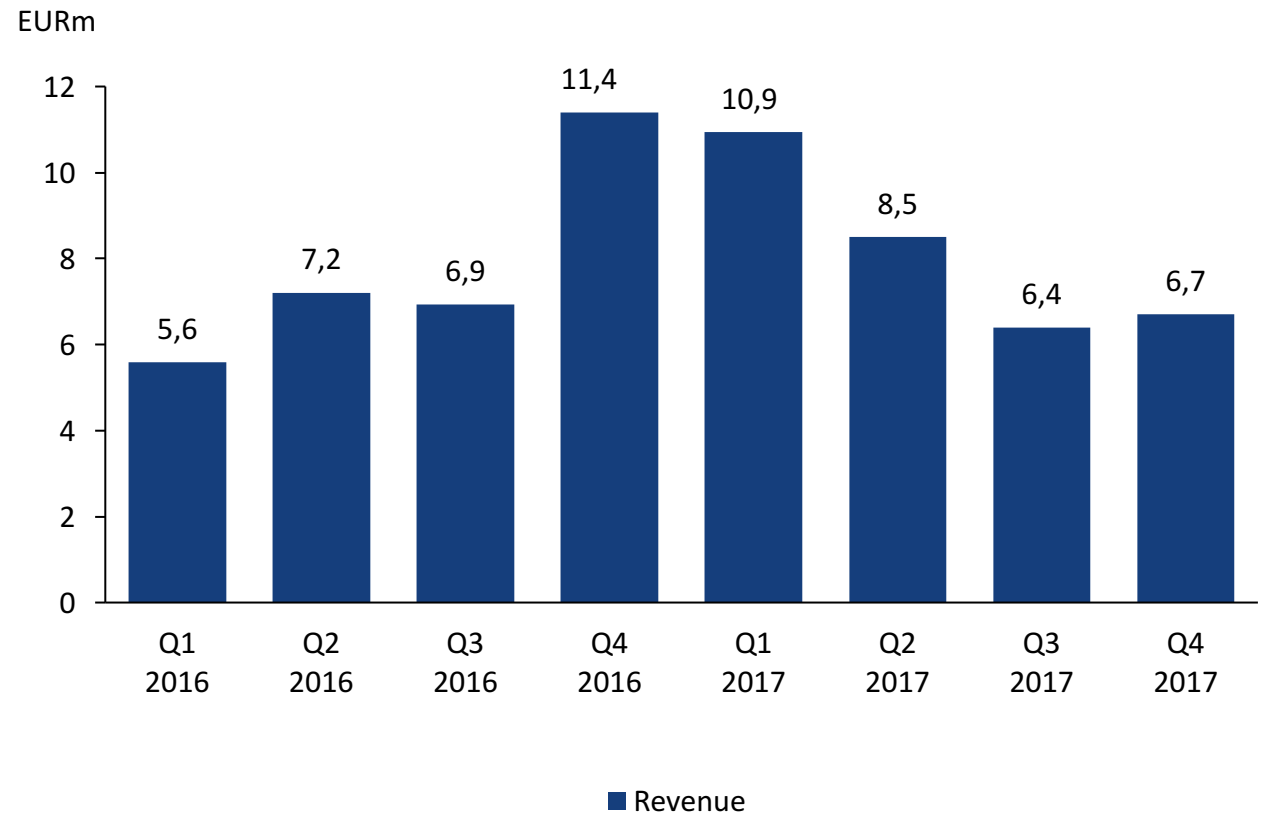
ARPD AU is also adversely affected by current development in USD EUR exchange rate.



# REVENUE

Revenue is impacted by ARPDau, DAU and deferrals.

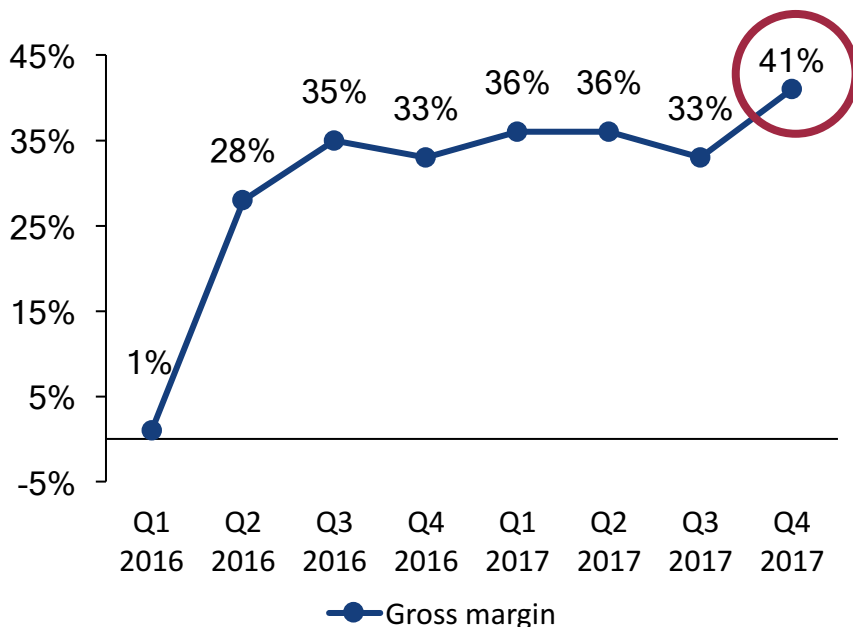
Operational metrics for Q4 were below the comparable period for Q4, with both DAU and ARPDau at a lower level resulting in a lower revenue than the comparable period.



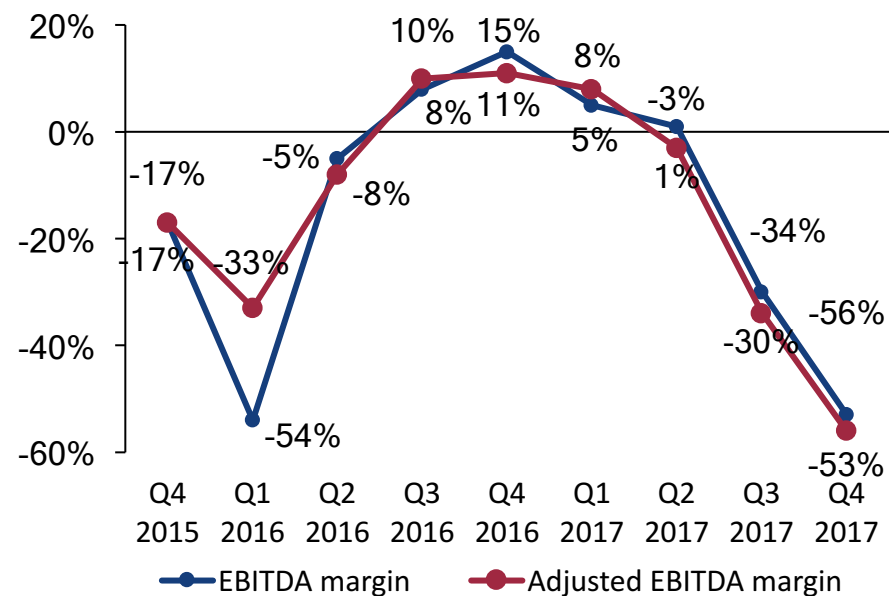


# GROSS MARGIN AND EBITDA

Gross margin (%)



EBITDA and adjusted EBITDA margin (%)

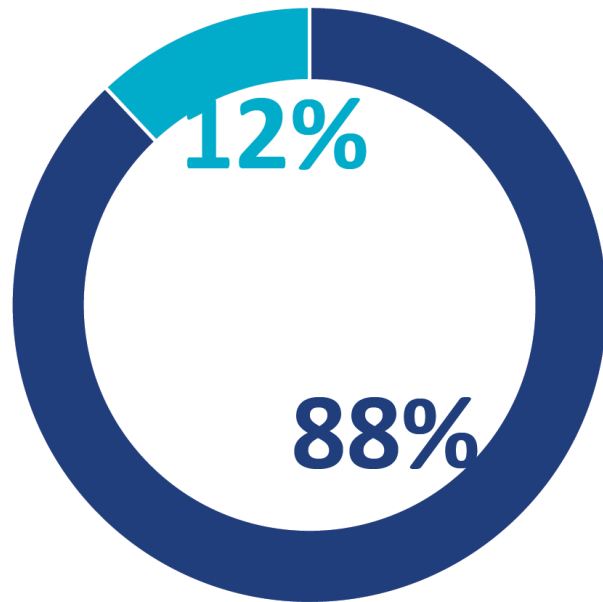


**NO MAN'S LAND OPERATED PROFITABLY – INVESTMENTS IN PRODUCT DEVELOPMENT REFLECTED IN EBITDA**

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

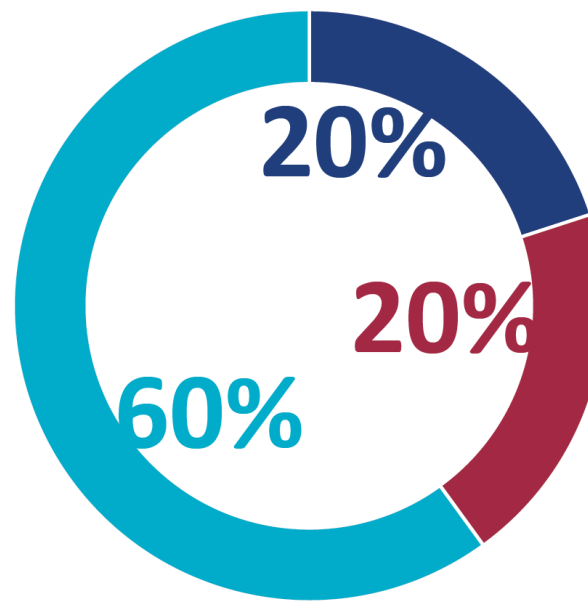
# GROSS BOOKINGS

GROSS BOOKINGS  
BY SOURCE



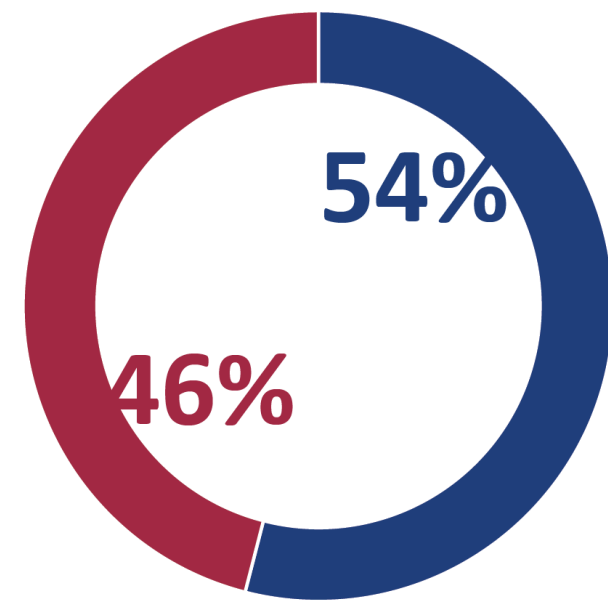
■ Ad Sales (AD)  
■ In App Purchases (IAP)

GROSS BOOKINGS  
BY GEOGRAPHY



■ North America  
■ EU-Countries  
■ Other

GROSS BOOKINGS  
BY PLATFORM



■ iOS  
■ Android

# 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

	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
Long-term debtors total	4 152	3 152
<b>Short-term debtors</b>		
Trade debtors	2 686	4 044
Other debtors	245	86
Prepayments and accrued income	1 574	1 786
Short-term debtors total	4 505	5 916
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>

	Next Games Oyj, Group 31.12.2017 (audited)	Next Games Oyj, parent company 31.12.2016 (audited)
EUR thousand		
<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	
Non-current liabilities total	765	775
<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
Current liabilities total	5 697	8 378
<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

# QUESTIONS?



Nasdaq Helsinki First North: NXTGMS

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