

**Voluntary Public Tender Offer by Netflix, Inc.
for All Issued and Outstanding Shares in Next Games Corporation and
for All Issued and Outstanding Stock Options under 2015, 2017, 2018, 2019 and 2020 Equity Plans**

Netflix, Inc. (the “Offeror”) hereby offers to acquire through a voluntary recommended public cash tender offer in accordance with Chapter 11, Section 27 of the Finnish Securities Markets Act (746/2012, as amended, the “Finnish Securities Markets Act”) and subject to the terms and conditions of this tender offer document (the “Tender Offer Document”), (i) all of the issued and outstanding shares in Next Games Corporation (the “Company” or “Next Games”) that are not held by Next Games or its subsidiary (the “Shares”) and (ii) all of the issued and outstanding stock options under 2015, 2017, 2018, 2019 and 2020 Equity Plans of the Company (the “Stock Options”) (the “Tender Offer”).

The Offeror is a corporation incorporated and existing under the laws of Delaware, with its shares listed on Nasdaq Stock Market.

Next Games is a public limited liability company incorporated under the laws of Finland, with its shares listed on the First North Growth Market Finland maintained by Nasdaq Helsinki Ltd (“First North”).

The Offeror and the Company have on March 2, 2022 entered into a combination agreement (the “Combination Agreement”) pursuant to which the Offeror will make the Tender Offer. The Tender Offer was announced by the Offeror on March 2, 2022 (the “Announcement”).

The price offered for each Share validly tendered in the Tender Offer is EUR 2.10 in cash (the “Share Offer Price”), subject to possible adjustments as described under section “Terms and Conditions of the Tender Offer – Share Offer Price and Stock Option Offer Price”.

The price offered for each Stock Option validly tendered in the Tender Offer is EUR 5.74 in cash for each outstanding Stock Option 2015 I (the “Stock Option 2015 I Offer Price”), EUR 3.30 in cash for each outstanding Stock Option 2015 II (the “Stock Option 2015 II Offer Price”), EUR 0.01 in cash for each outstanding Stock Option 2017 I (the “Stock Option 2017 I Offer Price”), EUR 0.96 in cash for each outstanding Stock Option 2017 II (the “Stock Option 2017 II Offer Price”), EUR 0.96 in cash for each outstanding Stock Option 2018 II (the “Stock Option 2018 II Offer Price”), EUR 0.72 in cash for each outstanding Stock Option 2019 I (the “Stock Option 2019 I Offer Price”), EUR 1.25 in cash for each outstanding Stock Option 2019 II (the “Stock Option 2019 II Offer Price”), EUR 1.14 in cash for each outstanding Stock Option 2020 I (the “Stock Option 2020 I Offer Price”), EUR 0.01 in cash for each outstanding Stock Option 2020 II (the “Stock Option 2020 II Offer Price”), EUR 0.50 in cash for each outstanding Stock Option 2020 III (the “Stock Option 2020 III Offer Price”) and EUR 0.79 in cash for each outstanding Stock Option 2020 IV (the “Stock Option 2020 IV Offer Price” and, together with the Stock Option 2015 I Offer Price, Stock Option 2015 II Offer Price, Stock Option 2017 I Offer Price, Stock Option 2017 II Offer Price, Stock Option 2018 II Offer Price, Stock Option 2019 I Offer Price, Stock Option 2019 II Offer Price, Stock Option 2020 I Offer Price, Stock Option 2020 II Offer Price, Stock Option 2020 III Offer Price and Stock Option 2020 IV Offer Price, the “Stock Option Offer Price”), subject to possible adjustments as described under section “Terms and Conditions of the Tender Offer – Share Offer Price and Stock Option Offer Price”.

The Share Offer Price represents a premium of approximately 125.6 percent compared to the closing price of the Shares on First North on March 1, 2022, the last trading day immediately preceding the Announcement, approximately 69.6 percent compared to the volume-weighted average trading price of the Shares on First North during the six-month period immediately preceding the Announcement and 38.8 percent compared to the volume-weighted average trading price of the Shares on First North during the twelve-month period immediately preceding the Announcement.

The offer period for the Tender Offer will commence at 9:30 a.m. (Finnish time) on March 14, 2022 and expire at 4:00 p.m. (Finnish time) on April 8, 2022, unless the offer period is extended or any extended offer period is discontinued (the “Offer Period”). For details, please see section “Terms and Conditions of the Tender Offer”.

The completion of the Tender Offer is subject to the satisfaction of the conditions described under section “Terms and Conditions of the Tender Offer – Conditions to Completion of the Tender Offer”. The Offeror reserves the right to waive any of the conditions to completion of the Tender Offer or to withdraw the Tender Offer as described under section “Terms and Conditions of the Tender Offer”.

Certain major shareholders of Next Games, i.e. Jari Ovaskainen and AMC Networks Ventures LLC, together representing in aggregate approximately 43.3 percent of the Shares and votes in Next Games as at the date of this Tender Offer Document, have irrevocably undertaken to tender into the Tender Offer, subject to certain customary conditions. The Board of Directors of Next Games, represented by a quorum comprising the non-conflicted members of the Board of Directors, has unanimously decided to recommend in its statement issued in accordance with the Chapter 11, Section 13 of the Finnish Securities Markets Act and the Helsinki Takeover Code issued by the Finnish Securities Market Association (the “Helsinki Takeover Code”) that the shareholders of Next Games and holders of Stock Options accept the Tender Offer (the “Recommendation”).

If the Tender Offer is completed and all the Shares validly tendered and not validly withdrawn are transferred to the Offeror, and the Offeror has acquired more than 90 percent of all the Shares and votes in Next Games on a fully diluted basis, the Offeror will commence compulsory redemption proceedings (the “Compulsory Redemption”) to redeem the remaining Shares in accordance with Chapter 18 of the Finnish Companies Act (624/2006, as amended, the “Finnish Companies Act”) as soon as reasonably practicable after the completion of the Tender Offer.

The information on this front page should be read in conjunction with, and is qualified in its entirety by, the more detailed information in this Tender Offer Document, in particular under section “Terms and Conditions of the Tender Offer”.

THE TENDER OFFER IS NOT BEING MADE DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THIS TENDER OFFER DOCUMENT AND RELATED ACCEPTANCE FORMS ARE NOT AND MAY NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, E-MAIL OR TELEPHONE. IN PARTICULAR, THE TENDER OFFER IS NOT MADE IN AND THIS TENDER OFFER DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA (“HONG KONG”), JAPAN, NEW ZEALAND OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW.

Financial Adviser to the Offeror



Arranger of the Tender Offer



RESTRICTIONS AND IMPORTANT INFORMATION

This Tender Offer Document has been prepared in compliance with Finnish law, including Chapter 11, Section 27 of the Finnish Securities Markets Act, the Decree of the Finnish Ministry of Finance on the Contents and Publication as well as Exceptions Granted from the Contents of a Tender Offer Document as well as Mutual Recognition of a Tender Offer Document Approved in the European Economic Area (1022/2012) and the regulations and guidelines 9/2013 of the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) on Takeover Bids and Mandatory Bids (FIVA 10/01.00/2013). This Tender Offer Document and the Tender Offer are governed by Finnish law and any disputes arising out of or in connection with this Tender Offer Document and/or the Tender Offer will be settled by a court of competent jurisdiction in Finland.

The Offeror and the Company have in the Combination Agreement undertaken to comply with the Helsinki Takeover Code.

This Tender Offer Document has not been approved by the FIN-FSA. Under the Finnish Securities Markets Act, the FIN-FSA’s approval is not sought for a tender offer document regarding shares traded on a multilateral trading facility.

The Tender Offer Document has been prepared in the Finnish language. The English language version of the Tender Offer Document is a translation of the Finnish language version. In the event of any discrepancy between the two language versions of this Tender Offer Document, the Finnish language version will prevail.

The Offeror may acquire, or enter into arrangements to acquire, Shares and/or Stock Options or arrange ownership of Shares and/or Stock Options before, during and/or after the Offer Period (including any extension thereof and any Subsequent Offer Period (as defined below)) in public trading on First North or otherwise.

The Tender Offer is not being made, and the Shares and the Stock Options will not be accepted for purchase from or on behalf of persons, directly or indirectly, in any jurisdiction in which the making or acceptance thereof would not be in compliance with applicable laws or regulations of such jurisdiction or would require any registration, approval or other measures with any regulatory authority not expressly contemplated by this Tender Offer Document. Persons obtaining and/or into whose possession this Tender Offer Document comes are required to take due note and observe all such restrictions and obtain any necessary authorizations, approvals or consents. Neither the Offeror nor any of its respective advisers accepts any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who intends to forward this Tender Offer Document or any related document to any jurisdiction outside Finland should carefully read this section “*Restrictions and Important Information*” before taking any action. The distribution of this Tender Offer Document in jurisdictions other than Finland may be restricted by law and, therefore, persons into whose possession this Tender Offer Document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities law of any such jurisdiction.

The Tender Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa and this Tender Offer Document and any and all materials related thereto should not be sent in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa (including by use of, or by any means or instrumentality, for example, e-mail, post, facsimile transmission, telephone or internet, of interstate or foreign commerce, or any facilities of a national securities exchange), and the Tender Offer cannot be accepted directly or indirectly or by any such use, means or instrumentality, in or from within Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Accordingly, copies of this Tender Offer Document and any related materials are not being, and must not be, mailed, forwarded, transmitted or otherwise distributed or sent in or into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or, in their capacities as such, to custodians, trustees, agents or nominees holding Shares for Australian, Canadian, Hong Kong, Japanese, New Zealander or South African persons, and persons receiving any such documents (including custodians, nominees and trustees) must not distribute, forward, mail, transmit or send them in, into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Any person accepting the Tender Offer shall be deemed to represent to the Offeror such person’s compliance with these restrictions and any purported acceptance of the Tender Offer that is a direct or indirect consequence of a breach or violation of these restrictions shall be null and void. Shareholders and holders of Stock Options wishing to accept the Tender Offer must not use the mailing system of Australia, Canada, Hong Kong, Japan, New Zealand or South Africa for any purpose directly or indirectly related to acceptance of the Tender Offer. Envelopes containing acceptances must not be post marked in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa.

When completing the acceptance, shareholders and holders of Stock Options wishing to accept the Tender Offer must provide an address that is not located in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Shareholders and holders of Stock Options will be deemed to have declined the Tender Offer if they (i) submit an envelope postmarked in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or (ii) provide an address located in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Shareholders and holders of Stock Options will be deemed to have declined the Tender Offer if they do not make the representations and warranties set out in the acceptance.

All financial and other information presented in this Tender Offer Document concerning the Company has been extracted from, and has been prepared exclusively based upon, publicly available information including the audited financial statements published by the Company as at and for the year ended December 31, 2021, company releases published by the Company, entries in the Finnish trade register and other publicly available information. Consequently, the Offeror does not accept any responsibility for such information except for the accurate restatement of such information herein.

Other than to the extent required by mandatory law, this Tender Offer Document will not be supplemented or updated with any financial information or other company releases published by Next Games after the date of this Tender Offer Document nor will the Offeror otherwise separately inform any person about the publication of any such financial information or other company releases by Next Games.

Goldman Sachs & Co. LLC ("**Goldman Sachs**") is acting exclusively for the Offeror and no one else in relation to the Tender Offer or the matters referred to in this Tender Offer Document, will not regard any other person than the Offeror as its client in relation to the Tender Offer and will not be responsible to anyone other than the Offeror for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this Tender Offer Document.

Danske Bank A/S, Finland Branch ("**Danske Bank**") is acting exclusively for the Offeror and no one else in relation to the Tender Offer or the matters referred to in this Tender Offer Document, will not regard any other person than the Offeror as its client in relation to the Tender Offer and will not be responsible to anyone other than the Offeror for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this Tender Offer Document.

Information for shareholders and holders of Stock Options in the United States

Shareholders and holders of Stock Options in the United States are advised that the Shares are not listed on a U.S. securities exchange and that Next Games is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "**SEC**") thereunder.

The Tender Offer will be made for the Shares and Stock Options of Next Games, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, subject to the exemption provided by Rule 14d-1(d) ("**Tier II Exemption**") under the Exchange Act, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer settlement procedures, withdrawal and timing of payments, which are different from those of the United States. In particular, the financial information included in this announcement has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is made to the shareholders and holders of Stock Options resident in the United States on the same terms and conditions as those made to all other shareholders and holders of Stock Options to whom an offer is made. Any informational documents, including this announcement, are being disseminated to U.S. shareholders and holders of Stock Options on a basis comparable to the method that such documents are provided to other shareholders or holders of Stock Options.

The Offeror, its affiliates and affiliates of its financial adviser may purchase or arrange to purchase securities of Next Games in compliance with Finnish law if certain conditions are satisfied. These restrictions include the following, among others: (i) such purchases cannot occur in the U.S., (ii) to the extent information about such purchases or arrangements to purchase is made public in Finland, such information must be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of Next Games and holders of Stock Options of such information, and (iii) the consideration in the Tender Offer must be increased to match any consideration paid outside of the Tender Offer.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in relation to the Tender Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. shareholder or holder of Stock Options may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder or holder of Stock Options is urged to consult its independent professional advisers immediately regarding the tax consequences of accepting the Tender Offer.

It may be difficult for shareholders or holders of Stock Options to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since Next Games is located in a non-U.S. jurisdiction and some or all of its respective officers and directors may be residents of non-U.S. jurisdictions. Shareholders or holders of Stock Options may not be able to sue Next Games or its respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel Next Games and its respective affiliates to subject themselves to a U.S. court's judgment.

Availability of Documents

The Finnish language version of this Tender Offer Document will be available on the internet at www.nextgames.com/fi/sijoittajille/netflix-ostotarjous and danskebank.fi/next-games as of March 14, 2022. The English language translation of the Tender Offer Document will be available on the internet at www.nextgames.com/investors/netflix-offer and danskebank.fi/next-games-en as of March 14, 2022.

Forward-looking Statements

This Tender Offer Document includes "forward-looking statements", including statements about the expected timing and completion of the Tender Offer, and language indicating trends. Generally, words such as may, should, could, aim, will, would, expect, intend, estimate, anticipate, believe, plan, seek, contemplate, envisage, continue or similar expressions identify forward-looking statements.

These statements are subject to risks, uncertainties, assumptions and other important factors, many of which may be beyond the control of the Offeror and could cause actual results to differ materially from those expressed or implied in these forward-looking statements.

Factors that could cause actual results to differ from such statements include: the occurrence of any event, change or other circumstances that could give rise to the termination of the Tender Offer, the failure to receive, on a timely basis or otherwise, the required approvals by government or regulatory agencies, the risk that a condition to consummating the Tender Offer may not be satisfied, the ability of the Company to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners pending the completion of the Tender Offer, and other factors.

Although the Offeror believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. The Offeror undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws or by any appropriate regulatory authority.

Certain Key Dates

The following timetable sets forth certain key dates relating to the Tender Offer, provided that the Offer Period has not been extended or discontinued in accordance with, and subject to, the terms and conditions of the Tender Offer and applicable laws and regulations:

Announcement of the Tender Offer by the Offeror	March 2, 2022
Offer Period commences	March 14, 2022
Offer Period expires at the earliest, unless extended or discontinued in accordance with, and subject to, the terms and conditions of the Tender Offer and applicable laws and regulations; any possible extension of the Offer Period will be announced by way of a company release as soon as practically possible.....	April 8, 2022

PARTIES RESPONSIBLE FOR THE TENDER OFFER DOCUMENT

Offeror

Netflix, Inc.

Address: 100 Winchester Circle
Los Gatos, CA 95032
United States of America

The Offeror represents that to its best understanding the information contained in this Tender Offer Document is in accordance with the facts and contains no omission likely to affect the assessment of the benefits of the Tender Offer.

All information concerning Next Games presented in this Tender Offer Document has been extracted from, and has been prepared exclusively based upon, publicly available information. The Offeror confirms that this information has been accurately reproduced and that as far as the Offeror is aware and is able to ascertain from information published by Next Games, no facts have been omitted which would render the reproduced information incorrect or misleading.

March 14, 2022

Netflix, Inc.

ADVISERS TO THE OFFEROR

Financial Adviser to the Offeror in connection with the Tender Offer

Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282
United States of America

Arranger of the Tender Offer

Danske Bank A/S, Finland Branch
Televisiokatu 1
FI-00240 Helsinki
Finland

Legal Advisers to the Offeror in connection with the Tender Offer

As to Finnish law:

Borenus Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki
Finland

As to United States law:

Skadden, Arps, Slate, Meagher & Flom LLP
525 University Avenue
Palo Alto, CA 94301
United States of America

ADVISERS TO NEXT GAMES

Financial Advisers to Next Games in connection with the Tender Offer

LionTree Advisors LLC
745 Fifth Avenue
New York, NY 10151
United States of America

Alexander Corporate Finance Ltd
Pohjoisesplanadi 37 A
FI-00100 Helsinki
Finland

Legal Adviser to Next Games in connection with the Tender Offer

Castrén & Snellman Attorneys Ltd
Eteläesplanadi 14
FI-00130 Helsinki
Finland

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BACKGROUND AND OBJECTIVES

Background to the Tender Offer and Offeror's Strategic Plans

The Offeror is a corporation incorporated under the laws of Delaware. The Offeror is the world's leading streaming entertainment service with 222 million paid memberships in over 190 countries enjoying TV series, documentaries, feature films and mobile games across a wide variety of genres and languages. Members can watch as much as they want, anytime, anywhere, on any Internet-connected screen. Members can play, pause and resume watching, all without commercials or commitments. The Offeror's shares are listed on Nasdaq Stock Market.

Next Games is a public limited liability company incorporated under the laws of Finland with its shares admitted to trading on First North. Next Games is the first publicly listed mobile game developer and publisher in Finland, specializing in games based on entertainment franchises, such as movies, TV series or books. Next Games works on multiple new games based on beloved global IPs. The Company's latest game, *Stranger Things: Puzzle Tales*, is based on Netflix's hit 80s horror drama series.

The Tender Offer will enable Next Games to join Netflix as a core studio in a strategic region and key talent market, furthering the two companies' shared vision and passion for games. Next Games will expand Netflix's game studio capabilities to enhance development of a portfolio of world-class games for members to enjoy around the world. As part of Netflix, Next Games will be able to utilize Netflix's global infrastructure and gain access to new customers in additional geographies. Netflix intends to invest time, resources and capital to support Next Games in continuing to build out its creative and operational capabilities. Netflix will also enable Next Games to improve upon its core strengths of developing entertainment franchise-based mobile games and live services, as well as invest in new business opportunities.

The Offeror and Next Games have on March 2, 2022 entered into a Combination Agreement under which the Offeror is committed to make the Tender Offer. The principal terms and conditions of the Combination Agreement have been described under section "*Summary of the Combination Agreement*" below.

After reviewing the Tender Offer and its terms and conditions, as well as other available information, the Board of Directors of Next Games has, represented by a quorum comprising the non-conflicted members of the Board of Directors, unanimously decided to recommend that the shareholders of Next Games and holders of Stock Options accept the Tender Offer (see "*Statement by the Board of Directors of Next Games*" and Annex C below). To support its assessment of the Tender Offer, the Board of Directors of Next Games has received a fairness opinion dated March 2, 2022 from Next Games' financial advisor Alexander Corporate Finance Ltd. According to the opinion, the Share Offer Price and Stock Option Offer Price offered to the shareholders of Next Games and holders of Stock Options in connection with the Tender Offer is fair, from a financial point of view.

Certain major shareholders of Next Games, *i.e.* Jari Ovaskainen and AMC Networks Ventures LLC, together representing in aggregate approximately 43.3 percent of the Shares and votes in Next Games as at the date of this Tender Offer Document, have irrevocably undertaken to tender into the Tender Offer, subject to certain customary conditions.

Effects on the Operations and Assets of Next Games and on its Management and Employees

The completion of the Tender Offer is not expected to have any immediate material effects on the operations or assets or the position of the management or employees of Next Games. However, as is customary, the Offeror intends to change the composition of the Board of Directors of Next Games after the completion of the Tender Offer.

See also "*Financing of the Tender Offer*" and "*Offeror's Future Plans in Respect of the Shares and Stock Options – Redemption under the Finnish Companies Act*" below.

Compliance with the Recommendation Referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act

The Offeror and Next Games have undertaken to comply with the Helsinki Takeover Code.

Remuneration and Other Benefits Paid to the Management of Next Games on the Basis of the Completion of the Tender Offer

The Offeror has not entered into any agreements regarding any remuneration, compensation or other benefits granted to the management or the members of the Board of Directors of the Company, payable in return for the execution of the Combination Agreement and/or for the completion of the Tender Offer.

The Board of Directors of the Company has resolved that cash bonuses and salary increases would be payable to certain key persons of the Company, the payment of which is conditional upon completion of the Tender Offer and also that the employment of the person entitled to the bonus is in force at the time of payment of the bonus. The payment of the cash bonus and salary increase aims to enhance retention in a situation where key persons may be at a risk to leave the Company.

Financing of the Tender Offer

The funds immediately available to the Offeror suffice for completing the Tender Offer and for financing the potential Compulsory Redemption in accordance with the Finnish Companies Act. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing.

Offeror's Future Plans in Respect of the Shares and Stock Options

Purpose of the Tender Offer

The Offeror's intention is to acquire all the Shares and Stock Options.

Redemption under the Finnish Companies Act

According to Chapter 18, Section 1 of the Finnish Companies Act, a shareholder holding more than nine-tenths (9/10) of the total number of shares and voting rights in a limited liability company has the right to acquire and, subject to a demand by other shareholders, is also obligated to redeem the shares owned by the other shareholders in the company at a fair price.

After the completion of the Tender Offer, should the Offeror obtain more than ninety (90) percent of the Shares and voting rights carried by the Shares, calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act, the Offeror will initiate Compulsory Redemption in accordance with the Finnish Companies Act as soon as reasonably practicable. The Compulsory Redemption is set forth in more detail in the Finnish Companies Act.

Pursuant to the Finnish Companies Act, a shareholder that holds more than half (1/2) of the shares and voting rights carried by the shares present in a company's general meeting has sufficient voting rights to decide on the appointment of board members and distribution of dividends and a shareholder that holds more than two-thirds (2/3) of the shares and voting rights carried by the shares present in a company's general meeting has sufficient voting rights to decide upon certain corporate transactions, including, but not limited to, a merger of the company into another company, an amendment of the Articles of Association of the company and an issue of shares in the company in deviation from the shareholders' pre-emptive subscription rights. Should the Offeror elect to amend or waive the condition to completion of the Tender Offer that requires the reaching of shareholding of more than ninety (90) percent of the Shares and voting rights on a fully diluted basis carried by the Shares and then complete the Tender Offer, and should the Offeror's shareholding in Next Games be less than ninety (90) percent of the Shares and voting rights carried by the Shares, it is possible that Next Games could be subject to certain corporate measures and transactions, including for example a merger into an unlisted company, the issuance of shares in the Company by way of derogation from the shareholders' pre-emptive subscription rights, a change of domicile to a jurisdiction that allows more flexibility, or amendments to the Company's Articles of Association. However, the Offeror has not taken any resolutions regarding any such measures or transactions. Regarding an amendment to or a waiver of the Conditions to Completion of the Tender Offer, see "*Summary of the Combination Agreement – Conditions to Completion*" and "*Terms and Conditions of the Tender Offer – Conditions to Completion of the Tender Offer*".

Delisting from First North

The Offeror's intention is to acquire all the Shares and Stock Options and to apply for the shares in Next Games to be delisted from First North as soon as permitted and reasonably practicable under the applicable laws and regulations and the rules of First North.

Redemption and Expiry of the Stock Options in the Compulsory Redemption

The Company has five share-based incentive schemes: Equity Plan 2015, Equity Plan 2017, Equity Plan 2018, Equity Plan 2019 and Equity Plan 2020.

In accordance with the terms and conditions of the Equity Plan 2017, Equity Plan 2018, Equity Plan 2019 and Equity Plan 2020, if a shareholder has the right and obligation to initiate the Compulsory Redemption, the holder of the Stock Options will be reserved an opportunity to exercise their Stock Options within a time period determined by the Board, regardless of whether their Stock Options have become exercisable. If the holder of the Stock Options does not exercise such right to subscribe for Shares, it will have a corresponding obligation as the shareholders to transfer its Stock Options to the redeeming party. If as a result of the completion of the Tender Offer, the Offeror's ownership exceeds 90 percent of all the Shares and votes in the Company, the Stock Options under Equity Plan 2017, Equity Plan 2018, Equity Plan 2019 and Equity Plan 2020, the holders of which have not accepted the Tender Offer nor exercised their Stock Options within a time period determined by the Board of Directors of the Company, shall be transferred to the Offeror at the Stock Option Offer Price applicable to such Stock Option.

In accordance with the terms and conditions of the Equity Plan 2015, if a shareholder has the right and obligation to initiate the Compulsory Redemption, a holder of Stock Options shall be entitled to exercise its Stock Options to the extent that the Stock Options are exercisable within a period of time determined by the Board of Directors, after which no subscription rights exist.

Statement by the Board of Directors of Next Games

After reviewing the Tender Offer and its terms and conditions, as well as other available information, the Board of Directors of Next Games has, represented by a quorum comprising the non-conflicted members of the Board of Directors, unanimously decided to recommend that the shareholders of Next Games and holders of Stock Options accept the Tender Offer. The Statement of the Board of Directors of Next Games is attached to this Tender Offer Document as Annex C. To support its assessment of the Tender Offer, the Board of Directors of Next Games has received a fairness opinion dated March 2, 2022 from Next Games' financial advisor Alexander Corporate Finance Ltd. According to the opinion, the Share Offer Price and Stock Option Offer Price offered to the shareholders of Next Games and holders of Stock Options in connection with the Tender Offer is fair from a financial point of view. The fairness opinion is attached to the Statement of the Board of Directors of Next Games.

Undertakings by Shareholders

Certain major shareholders of Next Games, *i.e.* Jari Ovaskainen and AMC Networks Ventures LLC, together representing in aggregate approximately 43.3 percent of the Shares and votes in Next Games as at the date of this Tender Offer Document, have irrevocably undertaken to tender into the Tender Offer, subject to certain customary conditions.

Fees to Advisers

Goldman Sachs serves as the financial adviser to the Offeror in connection with the Tender Offer. Danske Bank acts as the arranger in connection with the Tender Offer. Borenus Attorneys Ltd and Skadden, Arps, Slate, Meagher & Flom LLP serve as the legal advisers to the Offeror in connection with the Tender Offer. The Offeror expects that the total fees payable to its advisers in connection with the Tender Offer that are dependent on the completion of the Tender Offer will be approximately EUR 3 million.

Governing Law

The Tender Offer Document and the Tender Offer are governed by Finnish law. Any disputes arising out of or in connection with the Tender Offer will be settled by a court of competent jurisdiction in Finland.

INFORMATION ON THE PRICING OF THE TENDER OFFER

Grounds for Determining the Share Offer Price and the Stock Option Offer Price

According to Chapter 11, Section 24 of the Finnish Securities Markets Act, the starting point in determining the consideration to be offered in a voluntary tender offer for all shares and other securities entitling their holder to shares in the target company must be the highest price paid for the securities subject to the tender offer by the offeror or by a person related to the offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act within a period of six (6) months preceding the announcement of the tender offer.

Neither the Offeror nor any party related to the Offeror in the manner referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act has purchased any Shares or Stock Options within the six (6) months preceding the Announcement. As at the date of this Tender Offer Document, neither the Offeror nor any party referred to in Chapter 11, Section 5 of the Finnish Securities Markets Act holds any Shares or Stock Options.

Share Offer Price

The Share Offer Price under the Tender Offer is EUR 2.10 in cash, subject to any adjustments as described below. The Share Offer Price has been determined based on 30,050,385 Shares.

The Share Offer Price represents a premium of approximately:

- 125.6 percent compared to EUR 0.93, *i.e.* the closing price of the Next Games Share on First North on March 1, 2022, the last trading day immediately preceding the Announcement;
- 69.6 percent compared to EUR 1.24, *i.e.* the six-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the Announcement; and
- 38.8 percent compared to EUR 1.51, *i.e.* the twelve-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the Announcement.

Stock Option Offer Price

The holders of Stock Options will be offered a cash consideration for each Stock Option validly tendered, subject to any adjustments, as described in the table below.

	EUR
Stock Option 2015 I Offer Price	5.74
Stock Option 2015 II Offer Price	3.30
Stock Option 2017 I Offer Price	0.01
Stock Option 2017 II Offer Price	0.96
Stock Option 2018 II Offer Price	0.96
Stock Option 2019 I Offer Price	0.72
Stock Option 2019 II Offer Price	1.25
Stock Option 2020 I Offer Price	1.14
Stock Option 2020 II Offer Price	0.01
Stock Option 2020 III Offer Price	0.50
Stock Option 2020 IV Offer Price	0.79

The Stock Option 2015 I Offer Price has been determined based on 20,926 Stock Options 2015 I issued and outstanding, the Stock Option 2015 II Offer Price has been determined based on 53,317 Stock Options 2015 II issued and outstanding, the Stock Option 2017 I Offer Price has been determined based on 14,359 Stock Options 2017 I issued and outstanding, the Stock Option 2017 II Offer Price has been determined based on 94,491 Stock Options 2017 II issued and outstanding, the Stock Option 2018 II Offer Price has been determined based on 318,010 Stock Options 2018 II issued and outstanding, the Stock Option 2019 I Offer Price has been determined based on 407,594 Stock Options 2019 I issued and outstanding, the Stock Option 2019 II Offer Price has been determined based on 184,391 Stock Options 2019 II issued and outstanding, the Stock Option 2020 I Offer Price has been determined based on 87,835 Stock Options 2020 I issued and outstanding, the Stock Option 2020 II Offer Price has been determined based on 244,386 Stock Options 2020

If issued and outstanding, the Stock Option 2020 III Offer Price has been determined based on 1,024,832 Stock Options 2020 III issued and outstanding and the Stock Option 2020 IV Offer Price has been determined based on 117,000 Stock Options 2020 IV issued and outstanding.

The Stock Option Offer price is calculated by multiplying the Share Offer Price by the number of shares the Stock Option entitles to subscribe for and deducting the subscription price of each Stock Option as determined in the terms and conditions of the respective Equity Plan. The Stock Option Offer Price is, however, always a minimum of EUR 0.01.

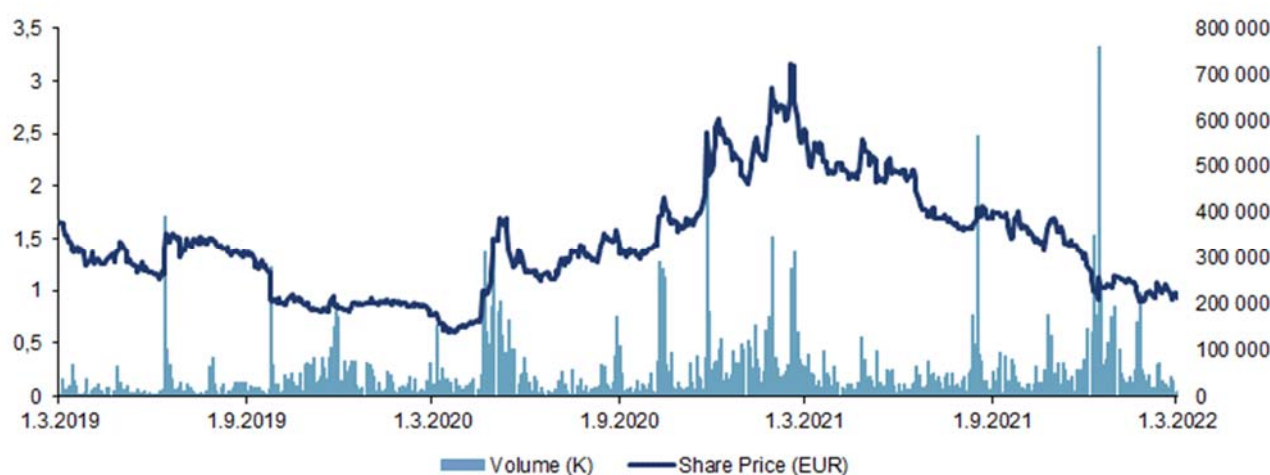
Adjustment of the Share Offer Price and the Stock Option Offer Price

Should the Company change the number of Shares as a result of a new share issue, issue of subscription rights, reclassification, stock split (including a reverse split) or any other measure with such dilutive effect, or should Next Games distribute or declare a dividend or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing shall occur prior to the consummation of the Tender Offer, resulting in the distribution of funds not being payable to the Offeror, the Share Offer Price and the Stock Option Offer Price will be reduced accordingly on a euro-for-euro basis.

Trading Prices and Volumes of the Shares

Next Games' shares are listed on First North under the trading code "NXTGMS". The ISIN code of the Next Games shares is FI4000233267.

The following graph sets forth the price development and trading volume of the Next Games shares on First North for the three years preceding the Announcement on March 2, 2022 (*i.e.*, from March 1, 2019 to March 1, 2022):



The following table sets forth quarterly information on the trading volumes and trading prices of the Next Games' shares on First North for the periods indicated:

Time period	Closing share price during the period (EUR)			Trading volume during the period	
	Average	High	Low	Shares	EUR
2019					
First quarter (from March 1, 2019)	1.44	1.67	1.25	349,922	505,082
Second quarter	1.30	1.55	1.11	1,273,974	1,847,394
Third quarter	1.36	1.52	0.90	1,291,182	1,621,117
Fourth quarter	0.87	0.97	0.80	2,826,991	2,430,377
2020					
First quarter	0.80	0.93	0.60	1,564,079	1,236,283
Second quarter	1.16	1.69	0.66	4,021,840	5,108,465
Third quarter	1.37	1.58	1.17	1,692,814	2,381,590
Fourth quarter	1.93	2.64	1.41	4,479,028	9,107,093
2021					
First quarter	2.47	3.16	2.02	4,779,570	12,348,263
Second quarter	2.12	2.45	1.71	1,806,954	3,852,601

Third quarter	1.68	1.82	1.50	3,126,951	5,266,438
Fourth quarter	1.38	1.70	0.91	4,987,912	6,218,285
2022					
First quarter (until March 1, 2022)	1.01	1.13	0.90	1,732,669	1,746,712

Share Offer Price

The Share Offer Price (EUR 2.10) represents a premium of approximately:

- 125.6 percent compared to EUR 0.93, *i.e.* the closing price of the Next Games Share on First North on March 1, 2022, the last trading day immediately preceding the Announcement;
- 69.6 percent compared to EUR 1.24, *i.e.* the six-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the Announcement; and
- 38.8 percent compared to EUR 1.51, *i.e.* the twelve-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the Announcement.

Other Public Tender Offers Regarding the Shares and Stock Options

To the knowledge of the Offeror, no public tender offer for the Shares or securities entitling to Shares has been made by any third party during the 12 months preceding the date of this Tender Offer Document.

SUMMARY OF THE COMBINATION AGREEMENT

This summary is not an exhaustive presentation of all of the terms and conditions of the Combination Agreement. The summary aims at describing the terms and conditions of the Combination Agreement to the extent that such terms and conditions may materially affect the assessment of the shareholders of the Company and holders of the Stock Options of the terms and conditions of the Tender Offer.

Background to the Combination Agreement

The Offeror and the Company have on March 2, 2022 entered into the Combination Agreement, pursuant to which the Offeror makes a voluntary recommended public cash tender offer for all the Shares and Stock Options in Next Games.

If as a result of the completion of the Tender Offer, the Offeror's ownership exceeds 90 percent of all the Shares and votes in the Company, on a fully diluted basis:

- the Offeror will commence as soon as reasonably practicable the Compulsory Redemption for all the Shares not purchased pursuant to the Tender Offer. Thereafter, the Offeror will apply for the Shares in Next Games to be delisted from First North as soon as permitted and reasonably practicable under the applicable laws and regulations and the rules of First North;
- the Stock Options 2015 I and II, the holders of which have not accepted the Tender Offer nor exercised their Stock Options within a time period determined by the Board of Directors of the Company, will cease to exist; and
- the Stock Options 2017 I and II, Stock Options 2018 II, Stock Options 2019 I and II and Stock Options 2020 I, II, III and IV, the holders of which holders have not accepted the Tender Offer nor exercised their Stock Options within a time period determined by the Board of Directors of the Company, shall be transferred to the Offeror at the Stock Option Offer Price applicable to such Stock Option.

The background to the transaction contemplated under the Combination Agreement has been described in "*Background and Objectives*".

Offer Period and Share Offer Price and Stock Option Offer Price

Under the Combination Agreement, the initial expiration date of the Tender Offer shall be April 8, 2022 (as it may be extended by the Offeror from time to time until such time when all of the Conditions to Completion set forth under section "*Terms and Conditions of the Tender Offer – Conditions to Completion of the Tender Offer*" shall have been satisfied (or waived by the Offeror).

The Combination Agreement provides that the Share Offer Price offered by the Offeror for each Share validly tendered is EUR 2.10 in cash, subject to any adjustments described below in this section.

The Combination Agreement further provides that the Stock Option Offer Price offered in cash by the Offeror for each Stock Option validly tendered is EUR 5.74 for each outstanding Stock Option 2015 I, EUR 3.30 for each outstanding Stock Option 2015 II, EUR 0.01 for each outstanding Stock Option 2017 I, EUR 0.96 for each outstanding Stock Option 2017 II, EUR 0.96 for each outstanding Stock Option 2018 II, EUR 0.72 for each outstanding Stock Option 2019 I, EUR 1.25 for each outstanding Stock Option 2019 II, EUR 1.14 for each outstanding Stock Option 2020 I, EUR 0.01 for each outstanding Stock Option 2020 II, EUR 0.50 for each outstanding Stock Option 2020 III and EUR 0.79 for each outstanding Stock Option 2020 IV, subject to any adjustments described below in this section.

Should the Company change the number of Shares as a result of a new share issue, issue of subscription rights, reclassification, stock split (including a reverse split) or any other measure with such dilutive effect, or should Next Games distribute or declare a dividend or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing shall occur prior to the consummation of the Tender Offer, resulting in the distribution of funds not being payable to the Offeror, the Share Offer Price and the Stock Option Offer Price will be reduced accordingly on a euro-for-euro basis.

Conditions to Completion

Under the Combination Agreement, the completion of the Tender Offer shall be subject to the fulfilment or waiver by the Offeror of the Conditions to Completion set forth under section “*Terms and Conditions of the Tender Offer – Conditions to Completion of the Tender Offer*” on or by the date of the Offeror’s announcement of the final result of the Tender Offer.

Recommendation by the Board of Directors of Next Games

- (a) The Board of Directors of Next Games, represented by a quorum comprising the non-conflicted members of the Board of Directors, has resolved unanimously, subject to the terms and conditions of the Combination Agreement, to recommend that the holders of Shares and Stock Options accept the Tender Offer for their Shares and Stock Options. In the Combination Agreement, the Board of Directors of Next Games undertakes to issue a formal written statement to this effect. The statement of the Board of Directors of Next Games containing the Recommendation has been included as Annex C in this Tender Offer Document.
- (b) The Board of Directors of the Company may, at any time prior to the completion of the Tender Offer, withdraw, modify, amend, include conditions to or decide not to issue its Recommendation or take actions contradictory to its earlier Recommendation, but only if:
 - (i) the Board of Directors of the Company, on the basis of its fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code), considers that, due to materially changed circumstances not connected with a breach of the Company’s obligations under the Combination Agreement, the acceptance of the Tender Offer would no longer be in the best interest of the holders of Shares and Stock Options; and
 - (ii) the Board of Directors of the Company has taken advice from its external legal advisor and its financial advisor; and
 - (iii) the Board of Directors of the Company has provided the Offeror with a reasonable opportunity, during not less than five (5) business days after having informed the Offeror of its intentions to take any of the actions discussed in this (b) (including all material details of the relevant changed circumstances (if not prohibited under the Board of Directors’ fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code))), to negotiate with the Board of Directors of the Company in respect of such actions,

provided that if an action allowed by this Section (b) is connected to a Superior Offer or a Competing Offer (as defined below), which the Board of Directors of the Company has determined in good faith to constitute a Superior Offer if made public, (A) the Board of Directors of the Company has given the Offeror a reasonable opportunity (if not prohibited under the Board of Directors’ fiduciary duties under Finnish laws and regulations (including the Helsinki Takeover Code)) during not less than five (5) business days after having received all material information relating to such Superior Offer or Competing Offer, to negotiate and agree with the Board of Directors of the Company on improving the terms of the Tender Offer as contemplated by the Combination Agreement, (B) the Company has informed the Offeror that the Board of Directors of the Company has determined that such Competing Offer constitutes a Superior Offer or would, if announced, constitute a Superior Offer, as applicable, and (C) such Competing Offer has been publicly announced such that it becomes a Superior Offer.

- (c) The Company shall, and shall cause its subsidiary and their respective affiliates and representatives to, (A) not solicit, directly or indirectly, any inquiries or any proposal or offer (including any proposal or offer to holders of Shares or Stock Options) that constitutes, or would reasonably be expected to lead to, any Competing Offer or that would otherwise materially harm or hinder the completion of the transactions contemplated in the Combination Agreement, and (B) not, upon receipt of a Competing Offer, directly or indirectly, promote the progress of such Competing Offer, except, in each case, if (and only to the extent that) such Competing Offer constitutes a Superior Offer, or would, if announced, constitute a Superior Offer, as applicable, and provided that the Company complies with the section (b) above.
- (d) A “**Competing Offer**” shall mean a bona fide offer or indication of an intent to make an offer received by the Board of Directors of the Company from a third party to acquire all of the Shares and Stock Options

pursuant to a tender offer or a merger, or to acquire all or substantially all of the operations of the Company pursuant to a sale or transfer of all or substantially all of the assets of the Company.

- (e) A “**Superior Offer**” shall mean a Competing Offer, terms of which the Board of Directors of the Company reasonably determines in good faith to be more beneficial for the holders of Shares and Stock Options than the Tender Offer, as the same may be modified by the Offeror in accordance with the section (b) above.

Representations, Warranties, Covenants and Undertakings

The Combination Agreement contains certain customary (a) representations and warranties with respect to the Company’s organization and qualification, authority relative to the Combination Agreement, financial statements, disclosures, capitalization, compliance with laws, anti-corruption laws, anti-money laundering and global trade laws, material adverse change, intellectual property and proprietary software, information technology, privacy and group data, employee matters, material contracts, taxes, litigation and claims as well as properties and competing transactions; and (b) covenants and undertakings, such as (i) the Company conducting its business in all material respects in a manner consistent with past practice and in accordance with laws until the earlier of the date of the extraordinary general meeting of shareholders of the Company to be convened after the Offeror has publicly announced that it will complete the Tender Offer for the purpose of electing new members of the Board of Directors of the Company and addressing potential other agenda items proposed by the Offeror or the termination of the Combination Agreement in accordance with its terms, including but not limited to preserving intact the business organization of the Company and its subsidiary in all material respects and not to make any material changes in the Company’s group corporate structure or accounting or tax principles or practices, not to enter into any material agreement or transaction or make any material commitment (including any commitment in respect of capital expenditures) or incur any additional indebtedness, except as may be reasonably required for the operations of the Company and its subsidiary in the ordinary course of business or intercompany indebtedness between the Company and its subsidiary or between the Company’s subsidiary; not to undertake any material divestment or material reorganization of any material part of the assets of the Company; not to commence, settle or compromise any material legal proceedings or any material claim by or against any third party except in certain circumstances specified in the Combination Agreement; not to amend the Articles of Association; or not to issue or reissue from treasury any new or existing shares or any subscription rights, or change the number of Shares and not to purchase its own shares; and (ii) assistance and cooperation between the Company and the Offeror in doing, all things necessary or advisable to consummate in the most expeditious manner practicable, the Tender Offer and the transactions contemplated in the Combination Agreement. As soon as the Offeror has publicly announced that it will complete the Tender Offer, the Board of Directors of the Company shall, at the written request of the Offeror, resolve to convene an extraordinary general meeting of shareholders of the Company within a certain period of time after such request for the purpose of electing new members of the Board of Directors of the Company and addressing potential other agenda items proposed by the Offeror.

Termination

The Combination Agreement may be terminated and the transactions contemplated in the Combination Agreement may be abandoned at any time prior to the closing date of the Tender Offer, as follows:

- (i) by a mutual written agreement of the Offeror and the Company;
- (ii) by either the Offeror or the Company if the closing date shall not have occurred on or before June 30, 2022; provided, however, that this right to terminate shall not be available to the party whose material failure to fulfil any obligation under the Combination Agreement shall have resulted in the failure of the closing date to occur on or before such date;
- (iii) by either the Offeror or the Company if any order preventing the consummation of the transactions contemplated in the Combination Agreement or a material part of it shall have been issued by any court or other authority of competent jurisdiction and shall have become final and non-appealable;
- (iv) by either the Offeror or the Company if the Conditions to Completion have not been satisfied or waived by the Offeror in accordance with the terms of the Tender Offer and the Offeror shall have publicly announced that it will not complete the Tender Offer;

- (v) by the Company if the Board of Directors of the Company has, having complied with the provisions of the Combination Agreement, withdrawn, modified, amended, included conditions to, or decided not to issue, its Recommendation (excluding any technical modification or change of the Recommendation required under applicable laws or the Helsinki Takeover Code as a result of a Competing Offer so long as the Recommendation to accept the Offeror's Tender Offer is upheld);
- (vi) by the Company if the Offeror has not commenced the Tender Offer on or prior to March 14, 2022 or a later date agreed by the Parties, provided that this right to terminate shall not be available to the Company if the failure of the Offeror to commence the Tender Offer is due to the Company's material failure to fulfil any of its obligations under the Combination Agreement and provided further that the Offeror shall have the right to postpone such date for two (2) additional weeks following a consultation with the Company in the event that the Offeror reasonably requires such postponement to be able to commence the Tender Offer;
- (vii) by the Offeror if the Board of Directors of the Company has withdrawn, modified, amended, included conditions to, or decided not to issue, its Recommendation in a manner detrimental to the Offeror (excluding any technical modification or change of the Recommendation required under applicable laws or the Helsinki Takeover Code as a result of a Competing Offer so long as the Recommendation to accept the Offeror's Tender Offer is upheld);
- (viii) by the Offeror, upon a material breach of any warranty given by the Company in the Combination Agreement, or by the Company, upon a material breach of any warranty given by the Offeror in the Combination Agreement, unless, in each case, such breach has been rectified by the breaching party no later than three business days prior to the Expiration Date (as defined below); and
- (ix) by either the Offeror or the Company, as applicable, upon a material breach of any covenant or agreement by the other party included in the Combination Agreement, as the case may be, unless, in each case, such breach has been rectified by the breaching party no later than three business days prior to the Expiration Date, provided, however, that this right to terminate shall not be available if such breach was caused by the material failure of the non-breaching party to fulfil any obligation under the Combination Agreement,

provided, however, that the termination of the Combination Agreement after the commencement of the Tender Offer shall in each case be subject to the conditions of the Tender Offer (including the Conditions to Completion) and to the Finnish Securities Market Act and the FIN-FSA Takeover Regulation not prohibiting the withdrawal of the Tender Offer in the circumstances.

In the event of termination of the Combination Agreement, the Combination Agreement shall forthwith become void and there shall be no liability under the Combination Agreement for either the Offeror or the Company or any of their directors and officers and all rights and obligations of the Offeror and the Company shall cease, save for the provisions specified in the Combination Agreement; provided, however, that nothing therein shall relieve either the Offeror or the Company from liability for fraud or willful misconduct.

Governing Law

The Combination Agreement is governed by and construed in accordance with the laws of Finland without regard to its principles of private international law or conflict of laws rules.

Any claim, controversy or dispute arising out of or relating to the Combination Agreement, or the breach, invalidity or termination thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Finland Chamber of Commerce. The arbitration shall be held in Helsinki, Finland, and the arbitration proceedings shall be conducted in the English language.

TERMS AND CONDITIONS OF THE TENDER OFFER

Object of the Tender Offer

Netflix, Inc. (the “**Offeror**”) offers to acquire (i) all of the issued and outstanding shares in Next Games Corporation (the “**Company**” or “**Next Games**”), ISIN-code FI4000233267, (the “**Shares**”, or individually a “**Share**”) and (ii) all of the issued and outstanding stock options in the Company (the “**Stock Options**”, or individually a “**Stock Option**”) that are not held by Next Games or its subsidiary through a voluntary recommended public cash tender offer in accordance with Chapter 11, Section 27 of the Securities Markets Act (746/2012, as amended, the “**Securities Markets Act**”) and subject to the terms and conditions set forth herein (the “**Tender Offer**”). The Offeror and the Company have on March 2, 2022 entered into a combination agreement (the “**Combination Agreement**”), pursuant to which the Tender Offer is made by the Offeror.

Share Offer Price and Stock Option Offer Price

The Tender Offer was announced by the Offeror on March 2, 2022. The price offered for each Share validly tendered and not withdrawn in accordance with the terms and conditions of the Tender Offer is EUR 2.10 in cash (the “**Share Offer Price**”), subject to possible adjustments as described below.

The price offered for each Stock Option validly tendered and not withdrawn in accordance with the terms and conditions of the Tender Offer is EUR 5.74 in cash for each outstanding Stock Option 2015 I (the “**Stock Option 2015 I Offer Price**”), EUR 3.30 in cash for each outstanding Stock Option 2015 II (the “**Stock Option 2015 II Offer Price**”), EUR 0.01 in cash for each outstanding Stock Option 2017 I (the “**Stock Option 2017 I Offer Price**”), EUR 0.96 in cash for each outstanding Stock Option 2017 II (the “**Stock Option 2017 II Offer Price**”), EUR 0.96 in cash for each outstanding Stock Option 2018 II (the “**Stock Option 2018 II Offer Price**”), EUR 0.72 in cash for each outstanding Stock Option 2019 I (the “**Stock Option 2019 I Offer Price**”), EUR 1.25 in cash for each outstanding Stock Option 2019 II (the “**Stock Option 2019 II Offer Price**”), EUR 1.14 in cash for each outstanding Stock Option 2020 I (the “**Stock Option 2020 I Offer Price**”), EUR 0.01 in cash for each outstanding Stock Option 2020 II (the “**Stock Option 2020 II Offer Price**”), EUR 0.50 in cash for each outstanding Stock Option 2020 III (the “**Stock Option 2020 III Offer Price**”) and EUR 0.79 in cash for each outstanding Stock Option 2020 IV (the “**Stock Option 2020 IV Offer Price**”) and, together with the Stock Option 2015 I Offer Price, Stock Option 2015 II Offer Price, Stock Option 2017 I Offer Price, Stock Option 2017 II Offer Price, Stock Option 2018 II Offer Price, Stock Option 2019 I Offer Price, Stock Option 2019 II Offer Price, Stock Option 2020 I Offer Price, Stock Option 2020 II Offer Price, Stock Option 2020 III Offer Price and Stock Option 2020 IV Offer Price, the “**Stock Option Offer Price**”), subject to possible adjustments as described below.

The Share Offer Price has been determined based on 30,050,385 Shares. The Stock Option 2015 I Offer Price has been determined based on 20,926 Stock Options 2015 I issued and outstanding, the Stock Option 2015 II Offer Price has been determined based on 53,317 Stock Options 2015 II issued and outstanding, the Stock Option 2017 I Offer Price has been determined based on 14,359 Stock Options 2017 I issued and outstanding, the Stock Option 2017 II Offer Price has been determined based on 94,491 Stock Options 2017 II issued and outstanding, the Stock Option 2018 II Offer Price has been determined based on 318,010 Stock Options 2018 II issued and outstanding, the Stock Option 2019 I Offer Price has been determined based on 407,594 Stock Options 2019 I issued and outstanding, the Stock Option 2019 II Offer Price has been determined based on 184,391 Stock Options 2019 II issued and outstanding, the Stock Option 2020 I Offer Price has been determined based on 87,835 Stock Options 2020 I issued and outstanding, the Stock Option 2020 II Offer Price has been determined based on 244,386 Stock Options 2020 II issued and outstanding, the Stock Option 2020 III Offer Price has been determined based on 1,024,832 Stock Options 2020 III issued and outstanding and the Stock Option 2020 IV Offer Price has been determined based on 117,000 Stock Options 2020 IV issued and outstanding.

Should the Company change the number of Shares immediately prior to the March 2, 2022 as a result of a new share issue, issue of subscription rights, reclassification, stock split (including a reverse split) or any other measure with such dilutive effect, or should the Company distribute or declare a dividend or otherwise distribute funds or any other assets to its shareholders or if a record date with respect to any of the foregoing shall occur on or prior to the Closing Date (as defined below) resulting in the distribution of funds not being payable to the Offeror, the Share Offer Price and the Stock Option Offer Price shall be reduced accordingly on a euro-for-euro basis.

Offer Period

The offer period of the Tender Offer will commence at 9:30 a.m. (Finnish time) on March 14, 2022 and expire at 4:00 p.m. (Finnish time) on April 8, 2022, unless the offer period is extended or any extended offer period is discontinued as described below (the “**Offer Period**”, which is defined to also include any extensions to or suspensions of the Offer Period). The acceptance of the Tender Offer must be received by the recipient, as described below under “— *Acceptance Procedure for the Tender Offer*”, before the expiration of the Offer Period.

The Offeror may extend the Offer Period (i) at any time until the Conditions to Completion (as defined below) have been satisfied or waived and/or (ii) with a Subsequent Offer Period (as defined below) in connection with the announcement of the final result of the Tender Offer whereby the Offeror also declares the Tender Offer unconditional, as set forth below. The Offeror will announce a possible extension of the Offer Period, including the duration of the extended Offer Period, which shall be at least two (2) weeks, by a release on the first (1st) Finnish Banking Day following the expiration of the original Offer Period, at the latest. Furthermore, the Offeror will announce any possible further extension of an already extended Offer Period or an extension of a discontinued extended Offer Period on the first (1st) Finnish Banking Day following the expiration of an already extended Offer Period or a discontinued extended Offer Period, at the latest. “Banking Day” means a day (other than a Saturday or Sunday) when banks are open for business in Helsinki and New York and “Finnish Banking Day” means a day (other than a Saturday or Sunday) when banks are open for business in Helsinki.

The duration of the Offer Period in its entirety may be ten (10) weeks at the maximum. If, however, the Conditions to Completion (as defined below) have not been fulfilled due to a particular obstacle, incomparable to that referred to in Chapter 11, Section 12 of the Securities Markets Act, the Offeror may extend the duration of the Offer Period beyond ten (10) weeks until such obstacle has been removed and the Offeror has had reasonable time to consider the situation in question, provided that the business operations of the Company are not hindered for longer than is reasonable. In this case, the Offeror will announce a new expiration date no less than two (2) weeks prior to the date of expiration of any extended Offer Period. Furthermore, any Subsequent Offer Period (as defined below) may extend beyond ten (10) weeks.

The Offeror may discontinue any extended Offer Period if at the time of termination, the following conditions are met: (i) the initial offer period has been open for at least 20 Banking Days, (ii) such extended Offer Period has been open for a minimum of 3 Banking Days, (iii) all Conditions to Completion (as defined below) are satisfied as of the time when the initial Offer Period, including any voluntary extensions thereof, ends and (iv) the Offeror does not terminate the initial offering period or any extension of that period during any mandatory extension required under U.S. tender offer rules. Should the Offeror discontinue the extended Offer Period, the Offeror will announce its decision on the discontinuation of any extended Offer Period as soon as possible after such a decision has been made and, in any case, no less than two (2) weeks prior to the expiration of the extended Offer Period. If the Offeror discontinues an extended Offer Period, the Offer Period will expire at an earlier time on a date announced by the Offeror.

The Offeror reserves the right to extend the Offer Period in connection with the announcement of the final result of the Tender Offer as set forth in “— *Announcement of the Result of the Tender Offer*” below (such extended Offer Period, the “**Subsequent Offer Period**”). In the event of such Subsequent Offer Period, the Subsequent Offer Period will expire on the date and at the time determined by the Offeror in the final result announcement. The expiration of a Subsequent Offer Period will be announced at least two (2) weeks before the expiration of such Subsequent Offer Period.

Conditions to Completion of the Tender Offer

A condition to the completion of the Tender Offer is that the requirements set forth below for the completion of the Tender Offer (the “**Conditions to Completion**”) are fulfilled on or by the date of the Offeror’s announcement of the final result of the Tender Offer in accordance with Chapter 11, Section 18 of the Finnish Securities Markets Act, or, to the extent permitted by applicable law, their fulfilment is waived by the Offeror:

- (i) the Tender Offer has been validly accepted with respect to Shares representing, together with any Shares otherwise held by the Offeror prior to the date of the Offeror’s announcement of the final result of the Tender Offer, more than 90 percent of the Shares and voting rights of the Company, calculated in accordance with Chapter 18, Section 1 of the Finnish Companies Act governing the right and obligation to commence compulsory redemption proceedings, on a fully diluted basis;

- (ii) the receipt of all approvals, permits, consents, clearances or other actions (or, or where applicable, the expiry of relevant waiting periods) by any competition authorities or other regulatory authorities required under any applicable competition laws or other regulatory laws in any jurisdiction for the completion of the Tender Offer;
- (iii) no laws or other regulation has been issued or decision by a competent court or regulatory authority has been given that would wholly or in any material part prevent or postpone the completion of the Tender Offer;
- (iv) no fact or circumstance has arisen after the announcement of the Tender Offer that constitute or could reasonably be expected to constitute a Material Adverse Change (as defined below);
- (v) the Offeror has not received information with respect to a fact or circumstance that has resulted in a Material Adverse Change (as defined below) (other than any such fact or circumstance Fairly Disclosed);
- (vi) the Combination Agreement has not been terminated in accordance with its terms and remains in full force and effect;
- (vii) the Board of Directors of the Company has issued its recommendation to the shareholders of the Company and the holders of Stock Options and the recommendation remains in full force and effect and has not been modified, cancelled or changed (excluding, however, any technical modification or change of the recommendation required under applicable laws or the Helsinki Takeover Code issued by the Finnish Securities Market Association (the “**Helsinki Takeover Code**”) as a result of a Competing Offer so long as the Recommendation to accept the Tender Offer is upheld); and
- (viii) the undertakings by Jari Ovaskainen and AMC Networks Ventures LLC to accept the Tender Offer remain in full force and effect in accordance with their terms and have not been modified, cancelled or changed.

The Conditions to Completion set out above are exhaustive. The Offeror may only invoke any of the Conditions to Completion so as to cause the Tender Offer not to proceed, to lapse or to be withdrawn if the circumstances which give rise to the right to invoke the relevant Condition to Completion have a significant meaning to the Offeror in view of the Tender Offer, as referred to in the regulations and guidelines (9/2013) of the Financial Supervisory Authority on Takeover Bid and the obligation to launch a bid and the Helsinki Takeover Code. The Offeror reserves the right to waive any of the Conditions to Completion that have not been fulfilled. If all Conditions to Completion have been fulfilled or the Offeror has waived the requirements for the fulfilment of all or some of them no later than at the time of announcement of the final results of the Tender Offer, the Offeror will consummate the Tender Offer in accordance with its terms and conditions after the expiration of the Offer Period by purchasing Outstanding Shares and Stock Options validly tendered in the Tender Offer and paying the Share Offer Price and Stock Option Offer Price, as applicable, to the holders of Shares and/or Stock Options that have validly accepted the Tender Offer.

“Material Adverse Change” means

- (a) the Company becoming insolvent, subject to administration, bankruptcy or any other equivalent insolvency proceedings or, if any legal proceedings (other than by the Offeror or its affiliates) or corporate resolution is taken by, or against, the Company in respect of any such proceedings, such action could reasonably be expected to result in the commencement of such proceedings provided, in each case, that such proceedings could reasonably be expected to result in a material adverse change in, or a material adverse effect to, the business, assets, condition (financial or otherwise) or results of operation of the Company, taken as a whole; or
- (b) any event, condition, circumstance, development, occurrence, change, effect or fact that individually or in the aggregate, has or results in or would reasonably be expected to have or result in material adverse change to the business, assets, financial condition or results of operations of the Company and its subsidiary, taken as a whole; and provided further that none of the following shall be deemed to constitute a material adverse change:

- (i) any change in the general economic or capital market conditions, or change in geopolitical conditions or any outbreak or escalation of hostilities, acts of war or terrorism,
- (ii) any hurricane, tornado, flood, earthquake or other natural or man-made disaster occurring or any epidemics or pandemics (including currently foreseen significant changes of COVID-19 situation) after the date of the Combination Agreement,
- (iii) any change in applicable statutes or other legal or regulatory conditions,

provided, in case of items (i) through (iii) above, so long as such event, condition, circumstance, development, occurrence, change, effect or fact does not have a disproportionate effect on the Company and its subsidiary, taken as a whole, in comparison to other companies in the same industry with a comparable industrial footprint as the Company and its subsidiary; or

- (iv) the failure of the Company to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings, net asset value or other financial or operating metrics before, on or after the date of the Combination Agreement, it being understood that nothing in this sub-clause (iv) shall prevent or otherwise affect the determination as to whether any change or effect underlying such failure to meet projections, forecasts, estimates or predictions constitutes a Material Adverse Change,
- (v) changes in the market price or trading volume of the Company's securities after the date of the Combination Agreement, and
- (vi) the announcement of the Tender Offer and the Offeror becoming a new controlling shareholder of the Company (including the effect of any change of control or similar clauses in contracts entered into by the Company and its subsidiary that have been Fairly Disclosed to the Offeror in the due diligence information).

"Fairly Disclosed" means disclosure of a fact, matter or event in the due diligence information in a sufficiently clear and detailed manner as to enable a professional and prudent offeror having completed its review of the due diligence information with the support of its professional advisors, to reasonably identify, assess and understand the nature, scope and effects of such fact, matter or event so disclosed.

Obligation to Increase the Share Offer Price and Stock Option Offer Price and to Pay Compensation

The Offeror reserves the right to buy Shares and/or Stock Options during and after the Offer Period (including any extension thereof) and any Subsequent Offer Period in public trading on First North Growth Market Finland maintained by Nasdaq Helsinki Ltd ("**First North**") or otherwise.

Should the Offeror or another party acting in concert with the Offeror in the meaning of Chapter 11, Section 5 of the Securities Markets Act acquire Shares and/or Stock Options after the announcement of the Tender Offer and before the expiry of the Offer Period at a price higher than the Share Offer Price or the Stock Option Offer Price, or otherwise on more favourable terms, the Offeror must, in accordance with Chapter 11, Section 25 of the Securities Markets Act, amend the terms and conditions of the Tender Offer to correspond with the terms and conditions of the above-mentioned acquisition on more favourable terms (the "**Increase Obligation**"). In such case, the Offeror will make public its Increase Obligation without delay and pay, in connection with the completion of the Tender Offer, the difference between the consideration paid in such an acquisition on more favourable terms and the Offer Price to those shareholders and holders of Stock Options that have accepted the Tender Offer.

Should the Offeror or another party acting in concert with the Offeror in the meaning of Chapter 11, Section 5 of the Securities Markets Act acquire Shares and/or Stock Options within nine (9) months after the expiration of the Offer Period at a price higher than the Share Offer Price or the Stock Option Offer Price, or otherwise on more favourable terms, the Offeror must, in accordance with Chapter 11, Section 25 of the Securities Markets Act, pay the difference between the consideration paid in an acquisition on more favourable terms and the Share Offer Price or the Stock Option Offer Price to those shareholders and holders of Stock Options that have accepted the Tender Offer (the "**Compensation Obligation**"). In such case, the Offeror will make public its Compensation Obligation without delay and pay the difference between the consideration paid in such an acquisition on more favourable terms and the Share Offer Price or the Stock Option Offer Price within one (1) month of the date when the Compensation Obligation arose for those shareholders and holders of Stock Options that have accepted the Tender Offer.

However, according to Chapter 11, Section 25, Subsection 5 of the Securities Markets Act, the Compensation Obligation will not be triggered in case the payment of a higher price than the Share Offer Price is based on an arbitral award pursuant to the Finnish Companies Act (624/2006, as amended, the “**Companies Act**”), provided that the Offeror or any party referred to in Chapter 11, Section 5 of the Securities Markets Act has not offered to acquire Shares on terms that are more favourable than those of the Tender Offer before or during the arbitral proceedings.

Acceptance Procedure for the Tender Offer

Shares

The Tender Offer may be accepted by a shareholder registered during the Offer Period in the shareholders’ register of Next Games, with the exception of Next Games and its subsidiary. Acceptance of the Tender Offer must be submitted separately for each book-entry account. A shareholder of Next Games submitting an acceptance must have a cash account with a financial institution operating in Finland or abroad (see the section entitled “*Restrictions and Important information*” of the tender offer document regarding the Tender Offer (“**Tender Offer Document**”) as well as see “— *Terms of Payment and Settlement*” and “— *Important information regarding NID and LE*” below). Shareholders may only approve the Tender Offer unconditionally and for all Shares that are held on the book-entry accounts mentioned in the acceptance form at the time of the execution of the transactions with respect to the Shares of such shareholder. Acceptances submitted during the Offer Period are effective also until the expiration of an extended or discontinued Offer Period, if any.

Most Finnish account operators will send a notice regarding the Tender Offer and related instructions and an acceptance form to their customers who are registered as shareholders in the shareholders’ register of Next Games maintained by Euroclear Finland Oy (“**Euroclear**”). Shareholders of Next Games who do not receive such instructions or an acceptance form from their account operator or asset manager should primarily contact their own account operator or asset manager. Secondly, shareholders of Next Games can contact Danske Bank A/S, Finland Branch (“**Danske Bank**”) by sending an email to: nextgames-offer@danskebank.com, where such shareholders can receive information for submitting their acceptance of the Tender Offer.

Those shareholders of Next Games whose Shares are nominee-registered and who wish to accept the Tender Offer, must submit their acceptance in accordance with the instructions given by the custodial nominee account holders. The Offeror will not send an acceptance form or any other documents related to the Tender Offer to these shareholders of Next Games.

With respect to pledged Shares, acceptance of the Tender Offer requires the consent of the pledgee. Acquiring this consent is the responsibility of the relevant shareholders of Next Games. The pledgee’s consent must be delivered to the account operator in writing.

A shareholder of Next Games who wishes to accept the Tender Offer must submit the properly completed and duly executed acceptance form to the account operator that manages the shareholder’s book-entry account in accordance with the instructions and within the time period set by the account operator, which may be prior to the expiry of the Offer Period. The Offeror reserves the right to reject any acceptances that have been submitted erroneously or deficiently. In the event of a Subsequent Offer Period, the acceptance form must be submitted in such a manner that is received during the Subsequent Offer Period, subject to and in accordance with the instructions of the relevant account operator.

Any acceptance must be submitted in such a manner that it will be received within the Offer Period (including any extended or discontinued extended Offer Period) taking into account, however, the instructions given by the relevant account operator. The account operator may request the receipt of acceptances prior to the expiration of the Offer Period. Shareholders of Next Games submit acceptances at their own risk. Any acceptance will be considered as submitted only when an account operator has actually received it. The Offeror reserves a right to reject any acceptance given in an incorrect or incomplete manner.

A shareholder who has validly accepted the Tender Offer in accordance with the terms and conditions of the Tender Offer may not sell or otherwise control its tendered Shares. By accepting the Tender Offer, the shareholders authorise their account operator to enter into their book-entry account a sales reservation or a restriction on the right of disposal in the manner set out in “— *Technical Completion of the Tender Offer*” below after the shareholder has delivered the acceptance form with respect to the Shares. Furthermore, the shareholders of Next Games that accept the Tender Offer authorise their account operator to perform necessary entries and undertake any other measures needed for the technical execution of the Tender Offer, and to sell all the Shares held by the shareholder of Next Games at the time of the execution of the transaction

to the Offeror in accordance with the terms and conditions of the Tender Offer. In connection with the completion trades of the Tender Offer or the clearing thereof, the sales reservation or the restriction on the right of disposal will be removed and the Share Offer Price will be transferred to the shareholders of Next Games.

By giving an acceptance on the Tender Offer, the shareholder authorises its depository participant to disclose the necessary personal data, the number of his/her/its book-entry account and the details of the acceptance to the parties involved in the order or the execution of the order and settlement of the Shares.

Stock Options

The Tender Offer may be accepted by a holder of Stock Options registered during the Offer Period in the register of holders of Stock Options, with the exception of Next Games and its subsidiary. Danske Bank or Next Games will send a notification of the Tender Offer, including instructions and the relevant acceptance form, to all such holders of Stock Options. Evli Alexander Incentives Oy ("**Evli**") manages Next Games' stock options. Evli will instruct all holders of stock options on the acceptance of the Tender Offer through Evli's website. Holders of Stock Options who do not receive such notification from Danske Bank or Next Games can contact Danske Bank by sending an email to: nextgames-offer@danskebank.com.

A holder of Stock Options registered during the Offer Period in the register of holders of Stock Options wishing to accept the Tender Offer shall submit a properly completed and duly executed acceptance form to Danske Bank in accordance with its instructions and within the time limit set by Danske Bank. The acceptance form shall be submitted so that it is received during the Offer Period or, if the Offer Period has been extended, during such extended Offer Period, however, always in accordance with the instructions of Danske Bank. The method of delivery of acceptance forms is at the option and risk of a Stock Options holder, and the delivery will be deemed made only when actually received by Danske Bank.

The holders of Stock Options may accept the Tender Offer only in whole and regarding all of their Stock Option series. The holder of Stock Options may not agree to sell only a portion of their Stock Options or only all of their Stock Options in one series.

By accepting the Tender Offer, the holders of Stock Options of the Company authorize Danske Bank to sell the Stock Options to the Offeror in accordance with the terms and conditions of the Tender Offer. A holder of Stock Options may accept the Tender Offer only unconditionally and in relation to all of its Stock Options and subject to the right to withdraw the Stock Options tendered in accordance with the terms and conditions of the Tender Offer. The Offeror may reject any partial tender of the Stock Options. A holder of Stock Options that has validly accepted the Tender Offer and that has not properly withdrawn its acceptance in accordance with the terms and conditions of the Tender Offer may not sell or otherwise dispose of its tendered Stock Options unless otherwise provided by mandatory law.

Right of Withdrawal of Acceptance

An acceptance of the Tender Offer may be withdrawn by a shareholder of Next Games and a holder of Stock Options at any time before the expiration of the Offer Period (including any extended or discontinued extended Offer Period) until the Offeror has announced that all Conditions to Completion have been fulfilled or waived by the Offeror, that is, the Offeror has declared the Tender Offer unconditional. After such announcement, the Shares and Stock Options already tendered may not be withdrawn prior to the expiration of the Offer Period (including any extended or discontinued extended Offer Period) except in the event that a third party announces a competing public tender offer for the Shares and Stock Options before the execution of the completion trades of the Shares as set out under "*Completion of the Tender Offer*" below.

A valid withdrawal of the Tender Offer requires that a withdrawal notification is submitted in writing to the account operator to whom the original acceptance form was submitted.

For nominee-registered Shares, the shareholders must request the relevant custodial nominee account holder to execute a withdrawal notification.

If a shareholder of Next Games validly withdraws an acceptance of the Tender Offer, the sales reservation or the restriction on the right of disposal with respect to the Shares will be removed within approximately three (3) Finnish Banking Days of the receipt of a withdrawal notification.

A shareholder or holder of Stock Options of Next Games who has validly withdrawn its acceptance of the Tender Offer may accept the Tender Offer again during the Offer Period (including any extended or

discontinued extended Offer Period) by following the procedure set out under “— *Acceptance Procedure for the Tender Offer*” above.

A shareholder of Next Games who withdraws its acceptance is obligated to pay any fees that the account operator operating the relevant book-entry account or the custodial nominee account holder may collect for the withdrawal.

In the event of a Subsequent Offer Period, the acceptance of the Tender Offer will be binding and cannot be withdrawn, unless otherwise provided under mandatory law.

Technical Completion of the Tender Offer

When an account operator has received a properly completed and duly executed acceptance form with respect to the Shares in accordance with the terms and conditions of the Tender Offer, the account operator will enter a sales reservation or a restriction on the right of disposal into the relevant shareholder's book-entry account. In connection with the completion trade of the Tender Offer or the clearing thereof, the sales reservation or the restriction on the right of disposal will be removed and the Share Offer Price will be paid to the relevant shareholder.

Announcement of the Result of the Tender Offer

The preliminary result of the Tender Offer will be announced by a release on or about the first (1st) Finnish Banking Day following the expiration of the Offer Period (including any extended and discontinued extended Offer Period). In connection with the announcement of the preliminary result, it will be announced whether the Tender Offer will be completed subject to the Conditions to Completion continuing to be fulfilled on the date of the final result announcement and whether the Offer Period will be extended. The final result of the Tender Offer will be announced on or about the third (3rd) Finnish Banking Day following the expiration of the Offer Period (including any extended and discontinued extended Offer Period). In connection with the announcement of the final result, the percentage of the Shares and Stock Options in respect of which the Tender Offer has been validly accepted and not validly withdrawn will be confirmed.

The Offeror will announce the initial percentage of the Shares and Stock Options validly tendered during a possible Subsequent Offer Period on or about the first (1st) Finnish Banking Day following the expiry of the Subsequent Offer Period and the final percentage on or about the third (3rd) Finnish Banking Day following the expiry of the Subsequent Offer Period.

Completion of the Tender Offer

The Tender Offer will be completed with respect to all of those shareholders and holders of Stock Options of Next Games who have validly accepted, and not validly withdrawn, the Tender Offer on or about the fourth (4th) Finnish Banking Day following the expiration of the Offer Period (including any extended or discontinued extended Offer Period) (the “**Closing Date**”), preliminarily expected to be on April 14, 2022. If possible, the completion trades of the Shares will be executed on First North, provided that the rules applied on trading on First North allow that. Otherwise, the completion trades will be made outside First North. The completion trades will be settled on or about the Closing Date (the “**Clearing Day**”), preliminarily expected to be on April 14, 2022.

Terms of Payment and Settlement

The Share Offer Price will be paid on the Clearing Day to each shareholder of Next Games who has validly accepted, and not validly withdrawn, the Tender Offer into the management account of the shareholder's book-entry account. The Stock Option Offer Price will be paid on the Clearing Day to each holder of Stock Options who has validly accepted, and not validly withdrawn, the Tender Offer into the bank account informed by the holder of the Stock Option in the acceptance form. In any case, the Share Offer Price or Stock Option Offer Price will not be paid to a bank account situated in Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or any other jurisdiction where the Tender Offer is not being made (see the section entitled “*Restrictions and Important information*” of the Tender Offer Document). The actual time of receipt of the payment by the shareholder and the holder of Stock Options will depend on the schedules for payment transactions between financial institutions and agreement between the holder and account operator, custodian or nominee in each case.

In the event of a Subsequent Offer Period, the Offeror will in connection with the announcement thereof announce the terms of payment and settlement for the Shares and Stock Options tendered during the

Subsequent Offer Period. The sale and purchase of the Shares and Stock Options validly tendered in accordance with the terms and conditions of the Tender Offer during the Subsequent Offer Period will, however, be executed within not more than two (2) -week intervals.

The Offeror reserves the right to postpone the payment of the Share Offer Price and Stock Option Offer Price if payment is prevented or suspended due to a force majeure event, but will immediately effect such payment once the force majeure event preventing or suspending payment is resolved.

Transfer of Title

Title to the Shares and Stock Options in respect of which the Tender Offer has been validly accepted, and not validly withdrawn, will pass to the Offeror on the Clearing Day against the payment of the Share Offer Price and Stock Option Offer Price by the Offeror to the tendering shareholder or holder of Stock Options. In the event of a Subsequent Offer Period, title to the Shares and Stock Options validly tendered in the Tender Offer during a Subsequent Offer Period will pass to the Offeror against payment of the Share Offer Price and Stock Option Offer Price by the Offeror to the tendering shareholder and holder of Stock Options.

Tender Offer Acceptance Payments

The Offeror will pay any transfer tax that may be charged in Finland in connection with the sale of the Shares or Stock Options pursuant to the Tender Offer.

Each shareholder of Next Games and each holder of Stock Options is liable for any payments that, based on an agreement made with the shareholder or the holder of Stock Options, an account operator may charge as well as for any fees and commissions charged by account operators, custodians, custodial nominee account holders or other parties related to the release of collateral or the revoking of any other restrictions preventing the sale of the Shares or the Stock Options. Each shareholder of Next Games and each holder of Stock Options is liable for any fees that relate to a withdrawal of an acceptance made by the shareholder or the holder of Stock Options.

The Offeror is liable for any other customary costs caused by the registration of entries in the book-entry system required by the Tender Offer, the execution of trades pertaining to the Shares and Stock Options pursuant to the Tender Offer and the payment of the Share Offer Price and the Stock Option Offer Price.

Should a competing tender offer be published by a third party during the Offer Period and should a shareholder of Next Games therefore or otherwise validly withdraw its acceptance of the Tender Offer, certain account operators may charge the shareholder separately for the registration of the relevant entries regarding the acceptance and withdrawal as explained under “— *Right of Withdrawal of Acceptance*” above.

The receipt of cash pursuant to the Tender Offer by a shareholder of Next Games or a holder of Stock Options may be a taxable transaction for such shareholder or holder of Stock Options under applicable tax laws, including those of the country of residence/domicile of the shareholder or the holder of Stock Options. Any tax liability arising for a shareholder of Next Games or a holder of Stock Options from the receipt of cash pursuant to the Tender Offer shall be borne by such shareholder or holder of Stock Options. Each shareholder of Next Games and each holder of Stock Options is urged to consult its independent professional adviser regarding the tax consequences of accepting the Tender Offer.

Withholding

Notwithstanding any other provision in the Combination Agreement or the Tender Offer Document to the contrary, the Offeror, the Company, and their respective affiliates shall be entitled to deduct and withhold from amounts otherwise payable pursuant to the Tender Offer any amounts as are required to be withheld or deducted with respect to such payment under any applicable law. To the extent that amounts are so deducted or withheld, and timely remitted to the appropriate governmental entity, such amounts shall be treated for all purposes of the Tender Offer as having been paid to the person in respect of which such deduction or withholding was made.

Other matters

The Tender Offer Document and the Tender Offer are governed by Finnish law. Any disputes arising out of or in connection with the Tender Offer will be settled by a court of competent jurisdiction in Finland.

The Offeror reserves the right to amend the terms and conditions of the Tender Offer in accordance with Chapter 11, Section 15 of the Securities Markets Act, provided that in the event of any increase or decrease in the percentage of the class of securities being sought or the consideration offered or the dealer's soliciting fee to be given in a tender offer, the Tender Offer shall remain open for at least 10 Banking Days from the date that notice of such increase or decrease is first published or sent or given to security holders.

Should a competing tender offer be published by a third party during the Offer Period, the Offeror reserves the right to (i) decide upon an extension of the Offer Period, (ii) decide upon an amendment of the terms and conditions of the Tender Offer, and (iii) decide, during the Offer Period, but before the expiration of the competing offer, to let the Tender Offer lapse.

Shareholders and holders of Stock Options of Next Games who have questions or require assistance in the Finnish language, may contact their Finnish account operators or asset managers, and secondarily Danske Bank, as referred to in the section entitled "*— Acceptance Procedure for the Tender Offer*" above.

The Offeror will decide on all other matters related to the Tender Offer.

Important information regarding NID and LEI

According to Directive 2014/65/EU (MiFID II) of the European Parliament and of the Council, all investors must have a global identification code from 3 January 2018 in order to carry out a securities transaction. These requirements require legal entities to apply for registration of a Legal Entity Identifier ("**LEI**") code, and natural persons need to find their National ID or National Client Identifier ("**NID**") to accept the Tender Offer. It is the legal person's legal status that determines whether a LEI code or NID number is required, and that Danske Bank may be prevented from performing the transaction to the person if LEI or NID number (as applicable) is not provided. Legal persons who need to obtain a LEI code can contact one of the suppliers available on the market. Instructions for the global LEI system can be found on the following website: <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations>. Those who intend to accept the Tender Offer are encouraged to apply for registration of a LEI code (legal persons) or to find out their NID number (natural persons) in good time, as this information is required on the application form at the time of submission.

Information about processing of personal data

Those who accept the Tender Offer will submit personal data, such as name, address and National ID, to Danske Bank, who is controller for the processing. Personal data provided to Danske Bank will be processed in data systems to the extent required to administer the Tender Offer. Personal data obtained from sources other than the customer may also be processed. Personal data may also be processed in the data systems of companies with which Danske Bank cooperates. Address details may be obtained by Danske Bank through an automatic procedure executed by Euroclear. For additional information regarding Danske Bank's process of personal data and your rights, please see Danske Bank's website <https://danskebank.fi/en/for-you/customer-service/knowning-the-customer>.

PRESENTATION OF THE OFFEROR

Offeror in Brief

The Offeror is a corporation incorporated under the laws of Delaware. The Offeror is domiciled in Delaware, and its principal office is 100 Winchester Circle, Los Gatos, CA 95032 United States of America. The Offeror is the world's leading streaming entertainment service with 222 million paid memberships in over 190 countries enjoying TV series, documentaries, feature films and mobile games across a wide variety of genres and languages. Members can watch as much as they want, anytime, anywhere, on any Internet-connected screen. Members can play, pause and resume watching, all without commercials or commitments. The Offeror's shares are listed on Nasdaq Stock Market.

Persons Related to the Offeror as Stipulated in Chapter 11, Section 5 of the Finnish Securities Markets Act

Persons related to the Offeror as referred to in Chapter 11, Section 5 of the Securities Markets Act include the direct and indirect majority owned subsidiaries of the Offeror.

Board of Directors and CEO

As at the date of this Tender Offer Document, the Board of Directors of the Offeror consists of the following persons: Reed Hastings (Chair), Richard Barton, Rodolphe Belmer, Mathias Döpfner, Timothy Haley, Jay Hoag, Leslie Kilgore, Strive Masiyiwa, Ann Mather, Ted Sarandos, Brad Smith and Anne Sweeney. Reed Hastings and Ted Sarandos act as the Co-CEOs of the Offeror.

PRESENTATION OF NEXT GAMES

All financial and other information presented in this Tender Offer Document concerning Next Games has been extracted from, and has been exclusively based upon Next Games' annual report and audited consolidated financial statements for the year ended December 31, 2021, company releases published by Next Games, entries in the Finnish trade register and other publicly available information. Consequently, the Offeror does not accept responsibility for such information except for the accurate reproduction of such information herein.

General Overview

Next Games is a public limited liability company incorporated in Finland. Next Games' shares are listed on First North. The trading code of the shares in Next Games is NXTGMS on First North. The registered name of Next Games is Next Games Corporation. Next Games is domiciled in Helsinki, Finland, and its registered address is Aleksanterinkatu 9 A, FI-00100, Finland. Next Games' business identity code is 2536072-3.

Next Games is the first publicly listed mobile game developer and publisher in Finland, specializing in games based on entertainment franchises, such as movies, TV series or books. Next Games works on multiple new games based on beloved global IPs.

Shares and Share Capital

As at the date of this Tender Offer Document, the registered share capital of Next Games amounts to EUR 80,000 and the number of issued shares in Next Games is 30,063,795, of which 30,050,385 are outstanding Shares and 13,410 are held in treasury. The shares in Next Games have no nominal value. The Articles of Association of Next Games do not include provisions on the minimum or maximum amount of share capital.

Next Games has one class of shares. The shares in Next Games are entered into the Finnish book-entry securities system. Each Share entitles its holder to one vote at each general meeting of shareholders of Next Games. All Shares give equal rights to dividends and other distributable funds by Next Games. The Articles of Association of Next Games do not include any provisions or restrictions on voting rights that deviate from provisions of the Finnish Companies Act.

Ownership Structure

The following table sets forth the ten largest shareholders of Next Games and their ownership of all issued shares and voting rights in Next Games according to the shareholders' register maintained by Euroclear Finland Oy ("**Euroclear Finland**") as at March 10, 2022. Certain largest shareholders of Next Games, such as AMC Networks Ventures LLC, are nominee-registered and, therefore, are not shown in the below list.

	<u>Number of shares</u>	<u>Percent of shares and votes</u>
Ovaskainen Jari	8,578,068	28.53
Hiitola Kalle	971,675	3.23
Achrén Joakim	877,901	2.92
Jumisko Jaakko	690,246	2.30
Varma Mutual Pension Insurance Company	620,000	2.06
Ilmarinen Mutual Pension Insurance Company	589,066	1.96
Achrén Mikael	515,659	1.72
Lions Gate Entertainment Inc.	492,561	1.64
Vartia Arvo	277,881	0.92
OP-Finland Micro Cap	272,784	0.91
Ten largest shareholders in total	13,885,841	46.19
Other shareholders	16,177,954	53.81
Total	30,063,795	100

Treasury Shares

Pursuant to the knowledge of the Offeror, Next Games and its subsidiary hold as at the date of this Tender Offer Document in the aggregate 13,410 treasury shares, representing approximately 0.04 percent of all the shares in Next Games. The Tender Offer is not being made of the treasury shares held by Next Games or shares held by its subsidiary.

Stock Options Entitling to Shares

On the date of the Tender Offer Document Next Games has issued option rights under five share-based incentive schemes: Equity Plan 2015, Equity Plan 2017, Equity Plan 2018, Equity Plan 2019 and Equity Plan 2020.

Equity Plan	Number of Stock Options as at March 2, 2022	Number of shares each Stock Option entitles to subscribe for	Exercise price, EUR
Equity Plan 2015 I	20,926	4	2.66
Equity Plan 2015 II	53,317	4	5.10
Equity Plan 2017 I	14,359	1	7.90
Equity Plan 2017 II	94,491	1	1.14
Equity Plan 2018 II	318,010	1	1.14
Equity Plan 2019 I	407,594	1	1.38
Equity Plan 2019 II	184,391	1	0.85
Equity Plan 2020 I	87,835	1	0.96
Equity Plan 2020 II	244,386	1	2.29
Equity Plan 2020 III	1,024,832	1	1.60
Equity Plan 2020 IV	117,000	1	1.31

Authorizations

Authorization Regarding the Issuance of Shares and Special Rights Entitling to Shares

On March 31, 2021 the Annual General Meeting authorised the Board of Directors to decide on the issuance of shares and/or option rights or other special rights entitling to shares e.g. for carrying out corporate or financing transactions, in consideration for new licenses, for creating strategic partnerships, for implementing the Company's incentive schemes, or for other purposes decided by the Board of Directors.

Pursuant to the authorization, the Board of Directors may decide to issue a maximum of 2,700,000 shares in one or several tranches.

The authorization includes the right to decide on issuances of shares and/or option rights in deviation from the shareholders' pre-emptive rights (directed issue).

The Board of Directors may decide to issue either new shares or treasury shares.

The authorization is valid until the end of the Company's next Annual General Meeting, however not longer than June 30, 2022.

Authorization to decide on the repurchase and/or acceptance as pledge of the company own shares

On March 31, 2021 the Annual General Meeting authorized the Board of Directors to decide on the repurchase and/or acceptance as pledge of a maximum of 1,800,000 own shares in one or more tranches. The shares shall be repurchased using the Company's unrestricted equity, on a multilateral trading facility in trading organized by Nasdaq Helsinki Ltd, due to which the repurchase will take place in a directed manner.

The price paid for the shares shall be based on the price of the Company's share on the multilateral trading facility, such that the minimum price of purchased shares is the lowest market price of the share quoted on the multilateral trading facility during the term of validity of the authorization and the maximum price, correspondingly, is the highest market price quoted on the multilateral trading facility during the term of validity of the authorization.

Shares can be purchased for the purpose of improving the Company's capital structure, carrying out corporate or financing transactions, implementing the Company's incentive schemes, or to be otherwise transferred or cancelled.

The authorization is valid until the end of the Company's next Annual General Meeting, however not longer than June 30, 2022.

Shareholders' Agreements and Certain Other Agreements

The Offeror is not aware of any shareholders' agreements or other agreements or arrangements concerning the use of voting power or shareholding in Next Games or containing information that would materially affect the assessment of the benefits of the Tender Offer.

Board of Directors, CEO and Auditor

In accordance with the provisions of the Finnish Companies Act, the Board of Directors of Next Games is responsible for the Company's management and the proper organization of its operations.

According to the Articles of Association of Next Games, the Board of Directors of Next Games shall comprise a minimum of four (4) and a maximum of six (6) ordinary members. The annual general meeting of shareholders of Next Games elects the members of the Board of Directors. As at the date of this Tender Offer Document, the Board of Directors of the Company consists of the following persons: Petri Niemi (Chair), Nicholas Seibert, Peter Levin, Jari Ovaskainen, Elina Anckar and Riikka Tieaho. The CEO of Next Games is Teemu Huuhtanen.

The auditor of Next Games is Deloitte Oy, with Mikko Lahtinen, Authorised Public Accountant, as the responsible auditor.

Financial Information

The audited consolidated financial statements of Next Games for the year ended December 31, 2021 are included in this Tender Offer Document (see "*Annex A: Financial Information of Next Games*") in the form published by Next Games.

Future Prospects Published by Next Games

The future prospects of Next Games have been described in Next Games' audited consolidated financial statement for the year ended December 31, 2021.

Articles of Association

The Articles of Association of Next Games are included in this Tender Offer Document. See "*Annex B: Articles of Association of Next Games*".

ANNEX A – FINANCIAL INFORMATION OF NEXT GAMES

The Board of Directors' report and the audited consolidated financial statements published by Next Games as at and for the year ended December 31, 2021 as they have been included in this Tender Offer Document, are based on information made public by Next Games. The Offeror does not accept any responsibility for such information except for the accurate reproduction of such information in this Tender Offer Document.

Index to Financial Information

- Board of Directors' report and the audited consolidated financial statements published by Next Games as at and for the financial year ended December 31, 2021.

ANNEX A – FINANCIAL INFORMATION OF NEXT GAMES

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BOARD OF DIRECTOR’S REPORT

Next Games, founded in 2013, is a Finnish developer and publisher of license-based, free-to-play mobile games. The company became the first listed game company in Finland (Nasdaq First North Growth Market Finland). The group’s business operations are run by its parent company, which operates the full game development and publishing life-cycle from game development to publishing, marketing and sales. The games are available to consumers on Apple’s and Google’s app stores and are based on third-party brands or global entertainment franchises, such as movies, TV-series or books.

Important Events in 2021

Q1

Accelerated Book-Building, EUR 4.2 million from existing investors

Q2

Management Team re-enforced with new CTO and COO
EBITDA positive during H1

Q3

2nd Developer Academy Kick-Off
AMC & Next Games celebrate The Walking Dead: No Man’s land 6th Anniversary
Stranger Things: Puzzle Tales Launch on key markets

Q4

Three new game teams established
New co-development agreement signed

Key Figures

EUR million	2021	2020	2019
Company			
Revenue	25.2	27.2	34.7
Gross Profit	13.5	14.3	19.7
EBITDA	-0.6	0.5	-3.5
Operating Result (EBIT)	-5.6	-3.4	-7.4
Adjusted Operating Result	-1.2	-0.1	-4.0

Gross profit %	54%	52%	57%
EBITDA %	-3%	2%	-10%
Operating Result (EBIT) %	-22%	-12%	-21%
Adjusted Operating Result %	-5%	0%	-11%
Publishing Operations' Profitability			
EBITDA	5.6	6.4	3.8
EBITDA %	22%	24%	11%
Research and Development Key Figures			
Investments	5.5	3.5	2.4
Expenditure	9.4	7.0	7.6

Outlook 2022

The company 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.

Basis for outlook

The company’s decision to not issue a revenue or profitability outlook for 2022 is based on the uncertainty of predicting revenues for new titles. The company will revisit giving an outlook once one can be reliably given.

Dividend Policy

Next Games does not have a defined dividend policy. All shares carry equal rights to dividends and other distributions of the company after the shares have been registered in the Trade Register.

Dividend Proposal

The parent company’s distributable funds on December 31 2021 were EUR 1.9 million, of which EUR -9.9 million consisted of a loss for the financial year ended December 31 2021. The Board of Directors proposes to the Annual General Meeting that the loss for the financial year ended December 31 2021 be recognized as retained earnings and that no dividend be paid for the financial year ended December 31 2021. The Board of Directors Report will be signed before it is presented to the Annual General Meeting and a proposal will be made at the AGM.

BOARD OF DIRECTOR’S REPORT
CONTINUED

Financial Review 2021

In 2021, Next Games’ revenue was EUR 25.2 (27.2) million, a decline of 7% compared to the previous year. In the second half of 2021, revenues amounted to EUR 12.9 (12.8) million with revenues growing in the fourth quarter by 12% in comparison to fourth quarter 2020. Next Games 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.

Revenues consisted primarily of The Walking Dead: Our World and The Walking Dead: No Man’s Land. In the second half of the year Stranger Things: Puzzle Tales was released to the market. As expected games require higher proportional marketing investments in the beginning, which affect publishing profitability for the fourth quarter of 2021. During 2021, Publishing Operations’ EBITDA was EUR €5.6M (6.4) million, 22% (24%) of revenues.

The largest country in terms of revenue was the United States 51% (45%). The majority of net sales were 87% (95%) from in-game purchases, 6% (5%) from advertising revenue and a new revenue stream from Co-Development deals consisting of 7% of sales. There was a slight change in the distribution of revenue per platform compared to the previous year; revenue on iOS was impacted by IDFA as targeting shifted towards Android, and Google Play revenues were 51%, iOS 42%, when previously revenues have been evenly split between Apple’s App Store and Google Play app stores (50%). In addition, co-development revenues are 7% (-%), which is outside platform-specific sales.

The loss for the financial year was EUR -5.3 (-3.9) million. Financial income and expenses were EUR -0.0 (-0.5) million. Taxes for the period were EUR 0.3 (0.2), due to changes in deferred taxes. Earnings per share were EUR -0.18 (-0.14).

In 2021, Business Finland paid grants equivalent to EUR 0.6 (0.3) million as part of second and third stage funding. Funding is related to Next Games “MINERAL” project. The project started in December 2019 and is expected to end in May 2022. The project aims at increasing the efficiency of the company’s games’ functionalities, in-game advertising and user acquisition by utilizing machine learning and AI. Through research, the goal is to enhance understanding as well as produce practical technical implementations on Next Games technology platform that support efficient utilization of machine learning and AI. The project has four phases and Business Finland will issue the grant in four stages based on submitted and approved reports on costs incurred and progression of the project.

The company transitioned to working from home in 2020, which continued throughout 2021. Despite the exceptional circumstances Next Games was able to continue game development in a normal fashion. The effects of the COVID-19 pandemic have been minor on the company’s gaming business, as a result of which there have been no changes in the timing of revenue recognition, goodwill, capitalization of the development costs or impairments. Recognition of revenue has been impacted by seasonal player behavior

which is typical during the reporting period. The company has estimated that the continued pandemic will not have a significant impact on business.

As expected, the global games market declined by 1.1% year-on-year to a total of \$175.8 billion in 2021, as it adjusted itself back to a +8.7% CAGR (2019 to 2024) longer-term trend after the record-breaking 2020. COVID-19-related operational challenges faced primarily by PC and console segments also contributed to this negative growth. Mobile gaming maintained positive +4.4% year-on-year growth in 2021 and generated a total of \$90.7 billion in revenues. It now represents more than half of the entire global games market, and more than 90% of this year’s global gamers play via mobile. iOS 14.5 update and effective IDFA deprecation caused major disruption to mobile user acquisition and significantly impaired developers’ ability to target high-value players through marketing campaigns, with some companies reporting -15% to -35% revenue loss for iOS. Value of IP in gaming increases, as user acquisition becomes more expensive and competition for players fiercer. Familiarity plays an important role in the decision to install a game, as less than a quarter of Americans report trying mobile games they have never heard of.

Cashflow, Financing and Balance Sheet

The balance sheet total in 2021 was EUR 33.5 (30.1) million and equity ratio was 57% (67%). The terms of the company’s lease changed during the period, and as a result Right of Use assets increased by EUR 1.7 million with liabilities increasing EUR 2.1 million.

EUR million	Dec 31 2021	Dec 31 2020	Dec 31 2019
Non-current assets	26.3	21.9	21.7
Current assets	7.2	8.2	12.9
Total assets	33.5	30.1	34.6
Equity	18.6	19.4	22.8
Total liabilities	14.9	10.7	11.8
Long-term liabilities	4.9	2.7	3.7
Short-term liabilities	10.0	8.0	8.1
Total equity and liabilities	33.5	30.1	34.6

At the end of the financial year 2021, cash and cash equivalents decreased by EUR 2.1 (3.4) million to EUR 2.2 (4.3) million.

BOARD OF DIRECTOR’S REPORT
CONTINUED

Net cash flow from operating activities turned negative in 2021. Total net cash flow from operating activities in the reporting period amounted to EUR -0.9 (1.8) million. Net cash flow from operating activities was affected by scaling of Stranger Things: Puzzle Tales, which required upfront marketing investments.

Cash flow from financing activities was EUR 4.1 (-1.3) million in 2021. In the reporting period cash flow from financing was mostly influenced by the Company’s directed share issue of EUR 4.2 million in March 2021.

Next Games continued to invest into product development and cash flow from investing activities for the full fiscal year was EUR -5.5 (-3.5) million. The Group finances its operations mainly with equity financing and revenue from business operations. The company has also received Business Finland grants and loans, and a related party loan.

Business Review

Publishing

Next Games publishing operations include revenues and expenses directly attributable to its published games, in addition to an allocated share of the company’s general expenses proportional to the number of employees working on published games. Publishing activities represent the profitability of the company’s business, without the costs associated with the product development of unpublished games.

In 2021 the company maintained its improved profitability of publishing operations with both No Man’s Land and Our World as flagships of profitability. In the second half of the year Stranger Things: Puzzle Tales was released to the market. As expected games require higher proportional marketing investments in the beginning, which affect publishing profitability for the fourth quarter of 2021. The publishing profitability was also affected by the start of the co-development project during the fourth quarter of 2021. During 2021, Publishing Operations EBITDA was EUR €5.6M (6.4) million, 22% (24%) of revenues.

COMBINED KEY OPERATIONAL METRICS OF PUBLISHED GAMES

	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020
Gross Bookings (MEUR)	7.5	5.3	5.8	6.1	6.6
DAU	208,733	174,741	188,707	205,424	207,310
MAU	893,919	559,683	612,328	688,366	672,576
ARPDau (USD)	0.36	0.37	0.38	0.39	0.49
ARPDau (EUR)	0.31	0.31	0.32	0.32	0.41

PUBLISHING OPERATIONS’ PROFITABILITY

EUR million	2021	2020	2019
Revenue	25.2	27.2	34.7
Gross Profit	13.5	14.3	19.7
Other Operating Income	-	0.1	-
Sales and Marketing costs	-9.9	-9.5	-17.6
Publishing Operations EBIT	3.6	4.8	2.1
Publishing Operations Depreciations	2.0	1.6	1.6
Publishing Operations EBITDA	5.6	6.4	3.8
EBITDA %	22%	24%	11%

Research and Development Activities

Next Games Research and Development activities consist of salaries as well as outsourced services. 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. 61% (58%) of employees worked in R&D developing new products. During the last quarter of the year 2020 Next Games organized all the new game project initiatives under one unified umbrella unit called New Games. The goal of the newly formed New Games unit is to work as an internal incubator and accelerator for Next Games’ new game initiatives. As of Q4 2021 there are four different game teams under the New Games umbrella.

RESEARCH AND DEVELOPMENT COSTS

EUR million	2021	2020	2019
Personnel expenses	-5.7	-4.5	-4.3
Outsourcing	-1.9	-0.8	-0.5
Share-based payments	-0.3	-0.2	-0.3
General cost allocation	-1.5	-1.6	-2.5
Total costs	-9.4	-7.0	-7.6
Depreciations	-2.8	-2.1	-1.3
Capitalization	5.5	3.5	2.4
Total	-6.7	-5.6	-6.6
Percentage of revenue	27%	21%	19%

BOARD OF DIRECTOR'S REPORT
CONTINUED

Other than Financial Information

Personnel

At the end of 2021, Next Games had 121 (104) employees who represented 28 (22) different nationalities. Of Next Games employees 78% (78%) were male identifying, 20% (22%) were female identifying, and 2% (1%) identified as other or non-binary. On average in 2021, the company employed 113 (109) people.

EUR million	2021	2020	2019
Salaries and Wages	3.6	4.6	5.0
Other Social Security Expenses	0.1	0.1	0.1
Share-based Payments	0.5	0.4	0.5
Pension Expenses	0.6	0.7	0.8
Total	4.8	5.8	6.5

Annual General Meetings

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares, on the issuance of new shares and on the issuance of option rights entitling to shares. For more information, see Authorizations.

Annual General Meeting

The annual general meeting of Next Games Corporation was held in Helsinki on March 31 2021. The meeting approved the financial statements for the financial period ended December 31 2020 and granted discharge from liability to all members of the board of directors and the managing director. In accordance with the proposal of the board of directors, the general meeting resolved not to distribute any dividends for the financial period ended on December 31 2020. The General Meeting authorized the Board of Directors to decide on the repurchase of the company's own shares, on the issuance of shares and/or the issuance of option rights and other special rights entitling to shares.

The annual general meeting confirmed the board of directors and the company's auditor. Appointed members of the Board of Directors were: Petri Niemi, Jari Ovaskainen, Peter Levin, Elina Anckar, Nicholas Seibert ja Riikka Tieaho. Audit firm Deloitte Oy was elected auditor of the company, with Authorised Public Accountant Mikko Lahtinen serving as the responsible auditor of the company.

The general meeting decided to support the presented remuneration policy for governing bodies. The general meeting approved a monthly compensation of EUR 4,500 for the chairman of the board of directors and EUR 2,500 for other members of the board of directors. In addition, a compensation of EUR 1,000 will be paid to the members of the remuneration committee and the audit committee for each committee meeting.

Furthermore, the travel expenses of the members of the board of directors will be compensated in accordance with the company's travel policy.

Valid Authorizations

On February 23 2017, the company's shareholders resolved unanimously to authorize the Board of Directors to decide on one or more directed share issues against consideration. By virtue of this authorization, the number of new shares issued based on the authorization shall not exceed 1,900,000 shares. Under the authorization, the Board of Directors may decide on a directed share issue in deviation from the shareholders' preemptive rights, provided that there is a weighty financial reason from the company's perspective, including the issue of shares for executing potential acquisitions or other corporate transactions, or for acquiring new licenses against the share consideration. Under the authorization, the Board of Directors has the right to decide on the other terms and conditions of a share issue. The authorization is valid for five years from the date it was granted, i.e. until February 23 2022. As at December 31 2021, the authorization remains fully unused. The authorization has expired February 23 2022.

On September 25 2019, the Extraordinary General Meeting resolved to authorize the Board of Directors to decide on a share issue and/or issue of option rights entitling to shares in accordance with the Board of Director's proposal. Pursuant to the authorization, a maximum of 1,500,000 shares may be issued in one or more tranches, corresponding to approximately 8.1% of all registered shares in the company on the date of the notice convening the General Meeting. The share issue and/or issue of option rights can be carried out in deviation from the shareholders' pre-emptive subscription right (directed issue). Under the authorization, shares and/or option rights can be issued for the implementation of the company's incentive schemes. Under the authorization, the Board of Directors may issue either new shares or treasury shares. The Board of Directors would be authorized to decide on all other conditions of the issuance of shares and/or option rights. The authorization is valid until September 25 2024. The authorization does not revoke prior authorizations of the Board of Directors to decide on the issuance of shares and/or option rights entitling to shares. As at December 31 2021 a total of 1,365,503 shares from the authorization have been used, and 134,497 shares remain.

On May 27 2020, the General Meeting authorized the board of directors to decide on the issuance of shares and/or option rights or other special rights entitling to shares e.g. for carrying out corporate or financing transactions, in consideration for new licenses, for creating strategic partnerships, for implementing the company's incentive schemes, or for other purposes decided by the board of directors. Pursuant to the authorization, the board of directors may decide to issue a maximum of 2,700,000 shares in one or several tranches. However, a maximum of 1,396,000 shares may be issued for the purpose of implementing the company's incentive schemes. The authorization includes the right to decide on issuances of shares and/or option rights in deviation from the shareholders' preemptive rights (directed issue). The board of directors may decide to issue either new shares or treasury shares. December 31 2021 a total of 2,020,000 shares from the authorization has been used, and 680,000 shares remain.

BOARD OF DIRECTOR'S REPORT CONTINUED

On March 31 2021, the General Meeting authorized the board of directors to decide on the repurchase and/or acceptance as pledge of a maximum of 1,800,000 own shares in one or more tranches. This authorization annuls the previous authorization, given by the Annual General Meeting on May 25 2020, on the repurchase and/or acceptance as pledge. The shares shall be repurchased using the company's unrestricted equity, on a multilateral trading facility in trading organized by Nasdaq Helsinki Ltd, due to which the repurchase will take place in a directed manner. The price paid for the shares shall be based on the price of the company's share on the multilateral trading facility, such that the minimum price of purchased shares is the lowest market price of the share quoted on the multilateral trading facility during the term of validity of the authorization and the maximum price, correspondingly, is the highest market price quoted on the multilateral trading facility during the term of validity of the authorization. Shares can be purchased for the purpose of improving the company's capital structure, carrying out corporate or financing transactions, implementing the company's incentive schemes, or to be otherwise transferred or canceled. The authorization is valid until the end of the company's next Annual General Meeting, however not longer than June 30 2022. As at December 31 2021, the authorization remains fully unused.

On March 31 2021, the General Meeting authorized the board of directors to decide on the issuance of shares and/or option rights or other special rights entitling to shares e.g. for carrying out corporate or financing transactions, in consideration for new licenses, for creating strategic partnerships, for implementing the company's incentive schemes, or for other purposes decided by the board of directors. Pursuant to the authorization, the board of directors may decide to issue a maximum of 2,700,000 shares in one or several tranches. The authorization includes the right to decide on issuances of shares and/or option rights in deviation from the shareholders' preemptive rights (directed issue). The board of directors may decide to issue either new shares or treasury shares. The authorization does not annul any previous authorizations given to decide on the issuance of shares and/or option rights or other special rights entitling to shares. The authorization is valid until the end of the company's next Annual General Meeting, however not longer than June 30 2022. As at December 31 2021, the authorization remains fully unused.

Composition of the Board and its Committees

The Annual General Meeting March 31 2021 appointed the members of the Board of Directors. Members of the Board of Directors:

- Petri Niemi, Chairman of the Board
- Jari Ovaskainen, Member of the Board
- Peter Levin, Member of the Board
- Elina Anckar, Member of the Board

- Nicholas Seibert, Member of the Board
- Riikka Tieaho, Member of the Board

The Board of Directors has evaluated the independence of its members. All Board members are independent of the company. Jari Ovaskainen owns 28.53% of the company, the other members of the Board are independent of the company's shareholders.

The Board of Directors has two committees, the Audit Committee and the Remuneration Committee. The members of the Audit Committee are, Elina Anckar (Chairman), Riikka Tieaho and Petri Niemi. The members of the Remuneration Committee are Petri Niemi (Chairman) and Jari Ovaskainen.

Audit

The annual general meeting confirmed the company's auditor. Audit firm Deloitte Oy was elected as the auditor of the company, with Authorized Public Accountant Mikko Lahtinen serving as the responsible auditor of the company.

Group Composition

There were no changes in the group structure in 2021. Further information on the structure of Next Games Group can be found in the notes to the financial statements, section 1.4.

CEO and Group Executive Management

The Group's executive management consisted of the following members at the end of 2021:

- Teemu Huuhtanen, Chief Executive Officer
- Annina Salvén, Chief Financial Officer
- Saara Bergström, Chief Communications Officer
- Joonas Laakso, Chief People and Culture Officer
- Yiannis Alexopoulos, Chief Growth Officer
- Tero Teelahti, Chief Technology Officer (Appointed June 2021)
- Juha Matikainen, Chief Operating Officer (Appointed June 2021)

In June 2021, Tero Teelahti, Chief Technology Officer and Juha Matikainen Chief Operating Officer, were appointed to the Management Team. Kalle Hiitola (New Games) and Matias Ärje (Chief Technology Officer) decided to step down from executive management but continued their employment within the company.

BOARD OF DIRECTOR'S REPORT
CONTINUED

Corporate Governance

A separate Corporate Governance Statement has been published in connection with the Board of Directors' Report. The statement is available on the Next Games website at: www.nextgames.com. The statement includes descriptions of the compliance with the Corporate Governance code and risk management principles.

Shares and Shareholders

Next Games share (NXTGMS), ISIN code FI4000233267, is listed on the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Oy. The shares belong to the book-entry system maintained by Euroclear Finland Oy. As at December 31 2021, Next Games' registered share capital amounted to EUR 80,000 and the number of registered shares was 30,063,795 (27,985,988). The company has one class of shares. Each share entitles its shareholder to one (1) vote in the general meeting. The shares have no nominal value. The weighted average share amount in 2021 was 30,047,359 (27,944,968).

Next Games Corporation completed a share issue to institutional investors in March 2021. A total of 2,020,000 new Next Games shares were offered in connection with the issue. The subscription price was EUR 2.10 per share. The entire subscription price of EUR 4,242,000 was recorded in the reserve for invested unrestricted equity.

During 2021 a total number of 57,807 (69,764) new shares subscribed for with stock options were registered. The share subscription price was determined in accordance with the individually applicable equity plan and option agreement. These shares have been entered into the trade register, as of which time the new shares carry equal shareholder rights with the company's existing shares. The subscription price of EUR 42,409.98 (19,059.84) paid for shares subscribed with stock options during the reporting period was recorded in the reserve for invested unrestricted equity and the company's share capital has remained unchanged.

As at December 2021, the company had 8,369 (7,005) registered shareholders. 21.6% (23.2%) of all shares are nominee registered. In 2020, the highest share price was EUR 3.30 (2.67) and the lowest price was EUR 0.91 (0.55) per share. At the end of 2021 the share closing price was EUR 1.14 (2.24) and the market value was approximately EUR 34 (63) million. The number of shares traded on Nasdaq First North Growth Market Finland was 14.7 (11.5) million.

Treasury Shares

During 2021, the company did not redeem or dispose of any treasury shares and held as many treasury shares as in the comparison period: 13,410 (13,410) equivalent to 0.04% (0.05%) of its own shares.

Share Based Compensation

Since 2014 Next Games has issued share-based incentive (option) programs, which include all of its staff. The company had five (5) share-based incentive programs in use during 2021. More details on the programs can be found in the Remuneration Report and from section 5.3 of the notes to the financial statements.

Assessment of Most Significant Risks

Next Games is exposed to risks that may arise from the company's operations or changes in the business environment. The risks described below may have an adverse effect on the business or financial condition, and thus on the company value. The below risks are the most important, but the list does not cover all possible risks. In the future, other significant risks than those described below may occur.

Risks Related to Business Operations or the Industry

Next Games is dependent on the sales generated by its free to play games, at present three games are revenue generating. Revenue growth and the success of the company is dependent on future revenue growth. Next Games might fail to develop and publish new games on time or at all, as well as further developing its existing games, which would have a material negative effect on the business of Next Games. Delays in the development of games could lead to, among other things, the delay of expected revenue or termination of the license agreement related to the games.

Next Games may experience fluctuations in its profit over time due to a number of factors, such as the popularity of games, ability to maintain and increase the number of its players who purchase a large amount of virtual products inside the game and the revenue generated by all players, which make Next Games' future results difficult to predict. Next Games spends a significant portion of its cash flow from operations on player acquisition and marketing relating to its games which will not necessarily result in revenue, so that if such marketing and player acquisition efforts are not effective, Next Games' business could be harmed.

Next Games' business is subject to a variety of regulations worldwide, such as laws and regulations concerning data protection and data security, which may be unclear and still developing. As a result, the failure of Next Games or its platform distributors to follow regulations or the increase of regulations could harm Next Games' business.

Financial Risks

Next Games has incurred significant losses, and it may not be able to turn its business profitable or cash flow positive. According to Next Games, the risks associated with funding its operations and cash position are essential to implement its strategy and continuity of business.

BOARD OF DIRECTOR'S REPORT
CONTINUED

Next Games has capitalized game development costs to its balance sheet, which have uncertain profits in the future. In addition, Next Games has made in its balance sheet, in accordance with International Financial Reporting Standards (the IFRS), estimates related to goodwill and other assets, which carry a depreciation risk in case future profits of Next Games do not actualize as expected.

New licensing agreements may include advance payments, which are deductible from future royalty payments, but if a project related to the new licensing agreements is canceled Next Games may be required to record write-downs with respect to the advance payments.

Uncertainties and Risk Related to Unexpected Events

The termination of significant license agreements or other unfavorable decisions made by licensors may materially negatively affect the business of Next Games.

If Next Games is unable to maintain good relationships with third-party distribution platforms, such as Apple App Store and Google Play; if the contractual terms concerning them are altered; or if Next Games violates or it is alleged that Next Games violates the platform provider's terms and conditions, such factors, if materialized, may have an adverse effect on Next Games' business.

Any failure or significant interruption in Next Games' technological infrastructure, possible coding errors or flaws, or problems with third party technologies the company uses, could negatively impact the popularity of its games, harm their operations, diminish the scalability of technology and harm Next Games' business.

Events After the Reporting Period

Netflix, Inc. announced on March 2 2022 a voluntary recommended public cash tender offer for all issued and outstanding shares in Next Games Corporation.

Next Games reached an agreement with its partner Alcon Entertainment to discontinue the Blade Runner Rogue game project after the reporting period in February 2022. The game did not meet the mutually agreed targets. The game will be immediately removed from Apple App Store and Google Play store, but will remain online for existing players until June 2022.

Annual General Meeting 2022

Next Games' Annual General Meeting is scheduled for Thursday, April 28 2022. The company's Board of Directors will issue a separate notice of the Annual General Meeting later.

Financial Calendar 2022

Next Games' Half-year review for January-June 2022 will be released on Friday, August 19 2022.

The financial statements and the report of the Board of Directors for the financial year 2021 as well as the Half-year review for January-June 2022 are published as a company bulletin and on the company's website at <https://www.nextgames.com/reports>.

Related Party Transactions

Next Games' related parties include its subsidiaries, associated companies, the members of the Board of Directors, CEO, the members of the Management Team, as well as shareholders having significant influence over the company. Related parties also include the close family members of these individuals and entities that are controlled or jointly controlled by a person identified as a related party. Transactions with related parties were made on an arm's length basis. Next Games related party transactions include normal business transactions with license partners (AMC). Transactions are normal in Next Games business model and are following arm's length principle. In addition the Company has received a related party loan from its largest shareholder during fiscal year 2021. Information about related party transactions can be found in note 6.1 to the financial statements.

Mergers and Acquisitions

There were no mergers or acquisitions during the reporting period.

BOARD OF DIRECTOR’S REPORT
CONTINUED

Definitions and Reconciliation of Alternative Performance Measurements
and Key Financial Figures

Key Operational Metrics Defined

DAU (Daily Active Users). A user is counted as a daily active user if they sign into the game at least once during a 24-hour period in UTC. Average DAU is calculated by adding the total number of active players as of the end of each day in a given period and dividing by the number of days in the period. DAU is a key measure for player network engagement.

MAU (Monthly Active Users). A user is counted as a monthly active user if they sign into the game at least once during a 30-day period. Average MAU is calculated by adding the total number of active players as of the end of each month in a given period and dividing by the number of months in the period. MAU is a key measure of the overall size of the player network.

ARPPDAU (Average Revenue Per Daily Active User). ARPPDAU is calculated by dividing daily gross bookings by daily active users (DAU). ARPPDAU is an important measure of monetization as it places sales in relation to player volume.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASUREMENTS

EUR million	2021	2020	2019
Operating Result (EBIT)	-5.6	-3.4	-7.4
Depreciations	5.0	3.9	4.0
EBITDA	-0.6	0.5	-3.5

EUR million	2021	2020	2019
Operating Result (EBIT)	-5.6	-3.4	-7.4
Other than IFRS 16 Depreciations	3.9	2.9	3.0
IFRS 2 cost recording	0.5	0.4	0.5
Adjusted Operating Result	-1.2	-0.1	-4.0

EUR million	2021	2020	2019
Revenue	25.2	27.2	34.7
Cost of Revenue	-11.7	-12.9	-15.0
Gross Profit	13.5	14.3	19.7
Other Operating Income	-	0.1	-
Marketing & Sales	-9.9	-9.5	-17.6

Publishing Operations EBIT	3.6	4.8	2.1
Depreciations, Publishing Operations	2.0	1.6	1.7
Publishing Operations EBITDA	5.6	6.4	3.8

EUR million	2021	2020	2019
Revenue	25.2	27.2	34.7
Changes in Deferred Revenue	-0.1	-0.2	-0.5
Gross Bookings	25.0	27.0	34.2

Calculation of Key Financial Ratios

Gross Bookings = A non-IFRS Financial Measure, defined as the total amount paid by our users for virtual items in a given reporting period. It does not include deferrals, and thus it is revenue-adjusted with the change (+/-) in deferred revenue.

Gross Profit = Revenue adjusted for (+/-) server expenses, expenses and depreciations related to royalties and license fees, as well as platform cut.

EBITDA = Operating Result (EBIT) adjusted with depreciations.

Adjusted Operating Result = Operating Result (EBIT) is adjusted with IFRS 2 share based payments and depreciations. However, depreciations of premises, falling under IFRS 16 standard, are not adjusted from EBIT.

Publishing Operation’s EBIT = Revenues generated by the company’s published games, adjusted by the costs and investments related to game’s maintenance, further development, marketing and customer support.

Publishing Operation’s EBITDA = Publishing Operations EBIT adjusted by depreciations.

Equity Ratio

Capital and reserves total

Total Assets – Advances Received

x100

Earnings per share (EPS), undiluted = Profit (loss) for the financial year divided by the average number of outstanding shares during the financial year.

Earnings per share (EPS), diluted = Profit (loss) for the financial year divided by the average number of outstanding shares during the financial year after adding the number of shares with potential dilution effect.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

EUR million	Note	2021	2020
Revenue	2.1	25.2	27.2
Cost of revenue	2.3	-11.7	-12.9
Gross profit		13.5	14.3
Other operating income	2.2	0.8	0.7
Research and development	2.3	-6.7	-5.6
Sales and Marketing	2.3	-9.9	-9.5
Administrative	2.3	-3.2	-3.2
Operating result (EBIT)		-5.6	-3.4
Finance income	5.6	0.3	0.0
Finance costs	5.6	-0.3	-0.5
Finance costs, net		-0.0	-0.5
Share of associates' result		-	-0.2
Profit before taxes		-5.6	-4.1
Current income taxes	6.3	-	-
Change in deferred tax	6.3	0.3	0.2
Total income tax expense		0.3	0.2
Result for the period		-5.3	-3.9
Total comprehensive result for the period		-5.3	-3.9
Result attributable to the owners of the parent		-5.3	-3.9

Shares	Note	2021	2020
Result per share for profit attributable to the owners of the parent			
Non-Diluted earnings per share, EUR	5.3	-0.18	-0.14
Diluted earnings per share, EUR	5.3	-0.18	-0.14
Average number of shares during the accounting period	5.3	30,047,359	27,944,968
Number of shares at the end of accounting period	5.3	30,063,795	27,985,988

Consolidated Balance Sheet - Assets

EUR million	Note	Dec 31 2021	Dec 31 2020
Assets			
Non-current assets			
Goodwill	4.1	3.3	3.3
Intangible assets	4.2	16.1	12.1
Property, plant and equipment	4.3	4.2	3.9
Other long term receivables	3.2	0.9	1.1
Deferred tax assets	3.4	1.7	1.5
Total non-current assets		26.3	21.9
Current assets			
Trade receivables and other receivables	3.2	5.0	3.9
Cash and cash equivalents	5.8	2.2	4.3
Total current assets		7.2	8.2
Total assets		33.5	30.1

The notes are an integral part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Consolidated Balance Sheet - Equity and Liabilities

EUR million	Note	Dec 31 2021	Dec 31 2020
Equity and liabilities			
Equity			
Share capital		0.1	0.1
Reserve for invested unrestricted equity		65.8	61.7
Retained earnings		-41.9	-38.5
Profit (loss) for the period		-5.3	-3.9
Total equity		18.6	19.4
Liabilities			
Long-term liabilities			
Governmental agency loan	5.4	0.3	0.5
Lease liabilities	5.5	3.1	2.1
Other financial liabilities	5.4	1.0	-
Total non-current liabilities		4.4	2.7
Short-term liabilities			
Governmental agency loan	5.4	0.3	0.1
Lease liabilities	5.5	1.1	1.1
Other financial liabilities	5.4	0.5	-
Deferred income	3.0	0.8	1.2
Trade payables	3.3	2.5	2.0
Other liabilities	3.3	0.2	0.2
Accrued liabilities	3.3	5.1	3.4
Total current liabilities		10.5	8.0
Total liabilities		14.9	10.7
Total equity and liabilities		33.5	30.1

The notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

EUR million	Note	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Equity at Jan 1, 2020		0.1	61.7	-38.9	22.8
Result for the period		-	-	-3.9	-3.9
Total comprehensive result for the period		-	-	-3.9	-3.9
Transactions with owners:					
Share issues based on stock options	5.3	-	0.0	-	0.0
Purchase of treasury shares	5.3	-	-	-	-
Share-based payments	5.3	-	-	0.4	0.4
Dividends paid	5.3	-	-	-	-
Offering of shares	5.3	-	-	-	-
Costs of offering of shares	5.3	-	-	-	-
Equity at Dec 31, 2020		0.1	61.7	-42.4	19.4
Equity at Jan 1, 2021		0.1	61.7	-42.4	19.4
Result for the period				-5.3	-5.3
Total comprehensive result for the period				-5.3	-5.3
Transactions with owners:					
Share issues based on stock options	5.3	-	0.0	-	0.0
Purchase of treasury shares	5.3	-	-	-	-
Share-based payments	5.3	-	-	0.5	0.5
Dividends paid	5.3	-	-	-	-
Offering of shares	5.3	-	4.2	-	4.2
Costs of offering of shares	5.3	-	-0.2	-	-0.2
Equity at Dec 31, 2021		0.1	65.8	-47.2	18.6

The notes are an integral part of these financial statements.

CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Consolidated Statement of Cash Flows

EUR million	Note	2021	2020
Cash flows from operating activities			
Profit before taxes		-5.6	-4.1
Adjustments for:			
Depreciation, amortization and impairments	4.4	5.0	3.9
Change in deferred revenue		-0.1	-0.1
Share-based payments	5.3	0.5	0.4
Other adjustments		-0.2	0.3
Finance costs, net		0.2	0.2
Share of loss/(profit) from associates		-	0.2
Changes in working capital:			
Change in trade and other receivables		-2.6	1.3
Change in trade and other payables		2.0	-0.3
Interests paid	5.6	-0.1	-0.1
Interests received	5.6	0.0	0.0
Income taxes paid	6.3	-	-
Net cash flows from operating activities		-0.9	1.8
Cash flows from investing activities			
Purchases of property, plant and equipment	4.3	-0.0	-0.0
Payments of intangible assets	4.2	-5.5	-3.5
Net cash flows from investing activities		-5.5	-3.5
Cash flows from financing activities			
Proceeds from issuance of shares, less costs		4.1	0.0
Repayment of long-term loans		-0.1	-0.1
Repayment of short-term loans		-	-
Acquisition of treasury shares		-	-
Withdrawals of long-term loans		1.0	-
Dividends paid		-	-

Lease payments	-0.9	-1.2
Other	-	-0.1
Net cash used in financing activities	4.1	-1.3
Net decrease/increase in cash and cash equivalents	-2.1	-3.4
Translation differences	0.2	-0.3
Cash and cash equivalents as of January 1	5.8	7.7
Cash and cash equivalents as of December 31	2.2	4.3

The notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Principles

In this section

- Basis for Preparation
- Changes in Accounting Standards
- New Standards
- Principles of Consolidation
- Segments
- Accounting Estimates and Judgements

1.1 Basis for Preparation

These are the consolidated financial statements of Next Games Oyj (“the Company”) and its subsidiaries (together “the Group” or “Next Games”). The shares of Next Games Corporation are listed for trading on Nasdaq First North Growth Market Finland. Next Games is a developer and publisher of mobile games focusing on licensed games. The Company’s games are developed for mobile devices and are available to download for free, while players can make actual cash purchases of in-game virtual items. The Company develops the games in close cooperation with the owners of immaterial property rights (the “IP”) to ensure a close tie between the games and the underlying IP. The most significant geographic markets for Next Games are North America and Europe, and the games of the Company are distributed through the Apple App Store and the Google Play platforms. The Company is domiciled in Helsinki at the registered address Aleksanterinkatu 9A, Helsinki, Finland.

These Consolidated Financial Statements by Next Games have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by the European Union. The notes to the Consolidated Financial Statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards. The consolidated financial statements have been prepared for the accounting period of 12 months from January 1 to December 31 2021. The Financial Statements have been authorized for issue by The Board of Directors March 11 2022.

The Group’s Consolidated Financial Statements are presented in millions of euros and are based on the actual cost of the transactions, unless otherwise stated in the accounting principles, and the figures have been rounded from the exact figures. Therefore, the sum of individual figures may deviate from the total presented. Key figures have been calculated using exact figures. Finance costs are recorded at the point of transaction. Assets and liabilities are measured at cost, except for certain financial assets and liabilities, which are measured at fair value.

The Company’s functional currency is euro, which is also the presentation currency of the Company and the Group. Items included in the financial statements of each group subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in income statements. Next Games records foreign exchange differences relating to ordinary business operations within the appropriate line item above operating profit and those relating to financial items are presented separately in finance income and costs.

1.2 Changes in Accounting Standards

Next Games applies interpretations and standards that came into force during the fiscal year to its financial statements. No new standards were adopted during 2021. Amendments to standards that came into effect in 2021 did not have a material effect on the Group’s results for the financial year, financial position or the presentation of financial statements.

1.3 New Standards

There are no standards that are not yet in effect that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.4 Principles of Consolidation

These consolidated accounts include the parent company and those companies in which the parent company held, directly or indirectly, more than 50% of the voting power control at the end of the accounting period. In addition to these holdings, the consolidated accounts include possible holdings that are of a controlling-right nature. Next Games controls an entity when Next Games is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Next Games obtains control, and continue to be consolidated until the date such control ceases.

The acquisition method of accounting is used to eliminate intra-corporate shareholdings to account for business combinations by Next Games. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, is measured at the acquisition date fair values. Acquisition-related costs are accounted for as expenses in the period which they are incurred. All intercompany transactions, balances and unrealized gains and losses on transactions between group companies are eliminated using the equity method. Significant influence usually exists when the group holds over 20% of the voting power of the entity or when the group otherwise has significant influence but not control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Group Structure

The Group's business activities are run by the parent company and the subsidiary had no material effect on the financial development of the reporting period.

Subsidiary belonging to the Group as at December 31 2021 is the following:

- Next Games GmbH, 100% owned

In addition the group had one Associated Company that sought bankruptcy September 22 2020. This had no effect on the financial statements in 2021.

- Armada Interactive Oy, 11.79% ownership

1.5 Segments

Next Games has determined that it has a single operating segment 'Mobile Gaming' and as such its profitability is presented as one single entity. Due to the Company's business model and nature of operations, governance is structured so that the CEO is the Chief Operating Decision Maker (CODM), supported by the executive management. The CEO looks at the Group on a consolidated basis when evaluating financial performance and when making decisions on resource allocation. Next Games CEO is responsible for allocating resources of the Group and continuous evaluation of the Group's results and therefore its operations as a whole. Next Games' CEO is regularly reviewing discrete financial information of the Group. Financial information includes group level revenue development, profitability analysis and review of monthly cash flow changes.

1.6 Accounting Estimates and Judgments

The preparation of Consolidated Financial Statements requires management to make estimates and judgments that affect the application of accounting policies and the recognized amounts of assets, liabilities, income and expenses. These estimates and judgments are continually evaluated, they are based on historical experience and other factors, including expectations on future events that may have a financial impact on the entity, thus the financial statements, and that are believed to be reasonable under given circumstances.

Estimates are reviewed if circumstances change, new information or experience is gained that would alter them. Due to the inherent uncertainty associated with the estimates, the outcome may differ from estimates that can result in additional revenue or costs in the income statement.

Areas involving significant estimates, associated with uncertainty are:

- Timing of revenue recognition (2.1)
- Deferred taxes (3.4)
- Impairment testing of goodwill (4.1)
- Valuation of intangible assets (4.2)
- Share-based payment arrangements (5.3)
- Extension and termination options of lease agreements (5.5)

In addition management applies judgment concerning the following relevant accounting areas:

- Capitalization of development costs (4.2)
- Classification of durables (2.1)

2. Operating Result

In this section

- Revenue
- Other Operating Income and grants
- Cost and Expenses
 - Cost of Revenue
 - Research and Development Costs
 - Sales and Marketing Costs
 - Administrative Costs

2.1 Revenue

Revenue from contracts with customers constitutes as ordinary sales from business activities, and is recognized when a customer obtains control of promised services e.g. the service requirement has been fulfilled. The term "Gross bookings" is used as industry standard terminology to describe purchase behavior by players in a given period but does not fulfill the requirements of IFRS 15 to be recognized as revenue. Gross bookings are based on the virtual currency and commodities purchased by a player in a given period, as well as the consideration received for displaying ads. Revenue is recorded in the Company's income statement.

Next Games generates revenue primarily through the sale of virtual items to users (In Application Purchases, IAP). Next Games also generates revenue from in-game advertising (Ad Sales, ADS), and Co-Development sales. Next Games derives the vast majority of its revenue from customers located in North America and Europe. Revenue is split by platform (iOS and Android). Google Play Store revenues were 51% (50%) and Apple App Store revenues were 42% (50%). In addition, co-development revenues are 7% (-%), which is outside platform-specific sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Income from Main Revenue Streams; Games as a Service

Games as a service refers to a business model where the Company’s games are available to download for free to customers in digital storefronts, and the player can enhance their own experience by watching ads, or by purchasing the Company’s virtual products in the game. In return, the Company maintains the service and further develops the game by bringing new content to the game. The maintenance of the service is continuous, the Company’s games have remained in app stores for years.

1. Games: In Application Purchases from Digital Storefronts

Next Games’ customers (users) can purchase virtual items to enhance and expand their game experience. Next Games sells its products through digital storefronts: Apple App Store and Google Play Store. Revenue share from digital storefronts “Platform Cut” is presented as cost of revenue (2.3).

There are two different kinds of in-application purchases in Next Games’ games: consumables and durables. Consumables benefit the user immediately, while benefits from durables last across user lifetime and are usually more expensive than consumables.

Consumables and durables can be bought directly or indirectly via using virtual currency. Virtual currency can only be redeemed for virtual items and cannot be withdrawn. Virtual currency purchased in one of the games cannot be used in another game.

2. Games: Advertising Revenues

Advertising revenues are generated by displaying advertisements during gameplay. Advertising networks pay CPM based (Cost Per Mille, cost per one thousand shown impressions).

3. Games: Other Revenues

Next Games classifies revenues from other than in-application-purchases and advertising as “Other”. Revenues falling into this category is for example sales from generating prototypes, income from the production of other game related assets or income from Co-Development deals.

Disaggregation of Revenue

REVENUE BY CATEGORY OF ACTIVITY

EUR million	2021	Percentage of revenue %	2020	Percentage of revenue %
Revenue by Category of Activity	25.2	100%	27.2	100%
In App Purchases (IAP)	21.8	87%	25.2	95%
Advertising (ADS)	1.6	6%	1.5	5%
Co Development	1.8	7%	–	–

During 2020 there were no sales categorized as “Co-Development”.

REVENUE BY PLATFORM

EUR million	2021	Percentage of revenue %	2020	Percentage of revenue %
Revenue by Platform	25.2	100%	27.2	100%
iOS	10.5	42%	13.5	50%
Android	12.9	51%	13.7	50%
Co Development	1.8	7%	–	–

REVENUE BY REGION

EUR million	2021	Percentage of revenue %	2020	Percentage of revenue %
Revenue by Region	25.2	100%	27.2	100%
North America	13.7	54%	13.2	49%
EU	7.0	28%	8.0	29%
Finland	0.1	0%	0.2	1%
Other	4.4	17%	5.8	21%

Regional revenue is determined by the Customer’s location. Next Games’ customer base consists of a large number of customers in several market areas and no individual customer represents a material share of its sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

Accounting Principles: Revenue Recognition

Next Games utilizes a five step model framework in revenue recognition. The Company identifies contracts between its players, advertising networks and Co-development partners.

Identification of contract. Next Games does not recognize the initial download of its free to play game from a digital storefront as a creation of contract in accordance with IFRS 15, because of the lack of commercial substance. As the initial downloading of the game is free of charge, a contract between Next Games and the customer occurs as the separate election by the player to make an in-application purchase. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Advertising revenues create a contract between Next Games and the advertising network, as the consideration is paid by the advertising network. The Co-development deal creates a contract between Next Games and the other party.

Identification of performance obligation. Games- as-a-service business model encompasses a single combined performance obligation which is to make the game and the ongoing game related services available. This is further defined as the provision of ongoing game related services such as hosting of game play, storage of customer content, maintaining of virtual currency, continuing displaying and providing access to purchased virtual goods, and reasonable service or content updates. For advertising revenue, the performance obligation is fulfilled after the advertisement has been shown.

Determination of transaction price. The transaction price is the amount of consideration to which Next Games expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). An alternative transaction price is the price an advertiser is willing to pay per 1000 shown impressions (eCPM).

Allocation of transaction price to the performance obligation. In the games-as-a-service business model, the transaction price is allocated entirely to the single combined performance obligation. Service obligation to a customer is fulfilled at different points in time for different products, and Next Games uses in accordance with industry standards player life time estimates in recognizing the point at which the service obligation has been fulfilled.

When determining deferral periods Next Games follows industry standards by applying Kaplan-Meier survival model to estimate the average playing period “lifetime” for paying users (customers). This statistical model analyzes time duration until one or more events happens and is commonly used in various industries for estimating lifespans. The lifetime for each title is determined by analyzing the historical behavior patterns of paying users. The model requires classification of user data into active and inactive monetizing users on a per title basis.

Active users are those who are active in the game for the past rolling 14 days as of the evaluation date. The remaining users are considered inactive and deemed to have churned from the game. These users are treated mathematically differently in the model than those who are still active. A distribution curve is then fit to the user data to estimate the average playing period of paying users on a per title basis. A threshold of 120 days from the commercial launch of a title is deemed as the minimum number of days of data required for this model. For new titles with less than 120 days of data that share similar attributes with an existing title and/or prequel titles, the average playing period is determined based on the average playing period of that existing title or prequel title, as applicable.

Recognition of revenue. Digital storefronts pay Gross Bookings for the period on a monthly basis. Next Games recognizes revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, Next Games recognizes as revenue the amount of the transaction price that is allocated to that performance obligation.

When calculating revenue for the period, the Company defers gross bookings generated from virtual durable items to future periods based on the estimated lifetime of the player, item or item group in each game (“Deferred Revenue”). Unrecognized revenue is booked on the balance sheet as an advance received and is periodized on a straight line basis to revenue based on the estimated lifetime. Details on deferred revenues can be found in the notes section 3.1. Consumables satisfy the performance obligation “at a point in time” and are recognized at the point of purchase.

Revenue from the sale of virtual currency is treated as a prepayment, deferred and recognized when the player uses the virtual currency to purchase a virtual item. The turnover rate of the virtual currency is calculated by comparing the amount of virtual currency used in the game with purchased virtual currency. The purchased virtual currency is always used first. The remaining value of currency is deferred to the balance sheet. Currency turnover of games is less than 30 days, and so the Company has no virtual currency inventory on the balance sheet. Used currency is recognized to revenue based on the proportion of durables and consumable items it has been used for.

Advertising revenue is recognized net, in the month of impression delivered (“at a point in time”), based on revenue reports from the ad network indicating the number of impressions delivered, price per impression and payables due to Next Games. Simultaneously to sending the revenue report, the advertisement network also commits to paying the money to Next Games, and collection can be reasonably assured. Next Games also defer Cost of Revenues that are derived from contracts with customers. Deferred Cost of Revenue includes platform cuts (revenue shares paid to digital storefronts), license fees (revenue share that is paid to license owners), and server and hosting expenses (revenue shares paid to technology providers).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Revenue recognition from Co-development is based on contracts and revenues related to them are recorded on an accrual basis.

Key Judgment and Estimates: Deferred Revenue

Revenue recognition requires management to make key judgments relating to the classification of durable items. In identifying durable items the economics of each individual game, as well as the usage of customers (paying users) virtual currency and durable products, is analyzed and considered.

In preparation of the Consolidated Financial Statements, management is also required to make estimates over what period of time revenue is to be deferred. While management believes estimates to be reasonable based on available game player information, they contain risk and uncertainties.

Estimates are continuous and have historically been revised when performance or user characteristics change. Changes in estimates of the player lifetime, or classification of what to defer in a certain title may result in revenue being recognized on a basis different from prior periods' and may cause operating results to fluctuate. Such events may include serious technical problems causing players being unable to access the game for a period of time. Pandemics and other situations hindering the capability of free movement may also impact location based games.

2.2 Other Operating Income and Grants

Other operating income includes income other than that associated with the sale of goods or services, such as gain on disposal or sale of fixed assets, rental income, grants and other similar income not classified to revenue. Grants are directed to specific projects, and are recognized when expenses occur.

OTHER OPERATING INCOME

EUR million	2021	2020
Subsidies and government grants	0.8	0.7
Other	0.0	0.0
Total	0.8	0.7

Most of Next Games' other operating income in 2021 consisted of grants awarded by Business Finland. In 2021 the Company recorded EUR 0.8 million in grants, of which EUR 0.6 million was paid during 2021. During 2020 the Company received a grant of EUR 0.1 million for business disruption from Business Finland.

2.3 Costs and Expenses

Next Games utilizes a function based income statement. The Company identifies three functions: Research and Development, Marketing and Sales as well as Administration. The Company allocates personnel to each function based on the nature of work they perform. Research and Development includes personnel working on unreleased games as well as those working on generic infrastructure development such as technology.

To Sales and Marketing, personnel that work with published games are allocated, and Administration includes personnel from finance, legal, human resource and office management.

Accounting Principles: Costs and Expenses

Directly attributable costs are allocated to each function, and in addition to this a general cost allocation is applied. Next Games calculates the general cost allocation by summing together all generic overhead not directly attributable to functions and allocating this cost in proportion to each function's headcount. Share based payments are allocated in proportion to the functions personnel expenses.

Research and development. A significant portion of the Group's Research and Development expenditure is directly or indirectly related to the development of new products, and business models. Expenditure on research activities is recognized as an expense in the period which it incurred. Development expenses consist of salaries and outsourced services. Depending on the nature and phase of the development, relevant costs are either treated as operational expenses or capital expenditure, capitalized on the balance sheet and amortized over time. For development activities, the Company has generally identified the point in time when a project moves to the production phase as the moment when the criteria for capitalization is met, and therefore costs incurred after this moment are capitalized. Costs incurred before the production phase are treated as research expenditure, and those are recognized in the income statement as an expense when incurred. The Company capitalizes employee expenses as well as relevant other and general costs, directly attributable to the project. In addition to the above mentioned items, the function also includes depreciations, amortizations related to research and development, share based payments and a general cost allocation.

Marketing and sales. Includes employee expenses related to the promotion, further development and maintenance of published games. Expenses related to performance enhancing updates and general maintenance updates for published games are not capitalized. Sales and marketing also includes direct media buy and marketing expenses such as user acquisition costs which are recorded at the time of realization. The function also includes other directly attributable expenses such as analytics and tools required for maintenance. In addition to the above mentioned items, the function also includes depreciations, amortizations, share based payments and a general cost allocation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Administration. Administrative costs are recorded as expenses as they occur. Costs include employee expenses, general cost allocation, as well as outsourced services directly related to any administrative department such as legal, finance and human resources. In addition to the above mentioned items, the function also includes depreciations, amortizations, share based payments and a general cost allocation.

Cost of revenue. Are variable costs by nature, recorded by using the accrual method.

COST OF REVENUE

EUR million	2021	2020
Platform commissions, royalties and other	-10.1	-11.8
Amortizations of intangible assets	-1.6	-1.2
Total	-11.7	-12.9

Cost of Revenue includes distribution fees (revenue shares paid to digital storefronts), license fees (revenue share that is paid to license owners), server and hosting expenses (revenue shares paid to technology providers) and amortization of license acquisitions.

RESEARCH AND DEVELOPMENT COSTS

EUR million	2021	2020
Personnel expenses	-5.7	-4.5
Outsourcing	-1.9	-0.8
Share-based payments	-0.3	-0.2
General cost allocation	-1.5	-1.6
Total costs	-9.4	-7.0
Depreciations	-2.8	-2.1
Capitalization	5.5	3.5
Total	-6.7	-5.6
Percentage of revenue	-27%	-21%

Expenses allocated to Next Game's R&D function include all those generated directly by game, technology and analytics development. These costs include employee expenses (wages, pensions, social security), outsourcing expenses, amortization, in addition to a general cost allocation.

SALES AND MARKETING COSTS

EUR million	2021	2020
Personnel expenses	-1.7	-2.3
Outsourcing	-0.6	-0.8
Share-based payments	-0.1	-0.1
General cost allocation	-1.1	-1.5
Sales and Marketing costs	-6.4	-4.8
Total	-9.9	-9.5
Percentage of revenue	-39%	-35%

Next Games' Sales and marketing expenses includes all expenses related to maintenance and further development of the groups published games, including user acquisition and marketing purchases, employee expenses of the function, a general cost allocation and other marketing related costs.

ADMINISTRATIVE COSTS

EUR million	2021	2020
Personnel expenses	-1.9	-1.7
Share-based payments	-0.1	-0.1
General cost allocation	-0.5	-0.6
Other admin expenses	-0.8	-0.9
Total	-3.2	-3.2
Percentage of revenue	-13%	-12%

The administrative function includes the Finance Department, Legal Department, general administration, human resources and management. In addition, all the expenses related to the Company's initial or subsequent public offerings, finance services and audit fees are deemed to be administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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AUDIT FEES

EUR million	2021	2020
Audit of financial statements	0.1	0.1
Auditor statements	0.0	0.0
Other services	0.0	0.0
Total	0.1	0.1

Audit fees are included in the Administrative expenses

3. Operating Assets and Liabilities

In this section

- Deferred Revenue and Cost of Revenue
- Trade and Other Receivables
- Trade and Other Payables
- Deferred Tax Assets and Liabilities

3.1 Deferred Revenue and Cost of Revenue

Accounting Principles: Deferred Revenue and Cost of Revenue

Deferral of revenue relates to the in-application purchases of durable items, the sale of which are recognized as revenue over time. Thus, deferred revenue is defined as purchases made by players, not yet recognized as revenue. Cost of revenue is periodized in accordance with how related revenue is recognized over time. Deferred revenue may also contain prepayments from ad revenue. For additional details related to revenue recognition, see note 2.1 Revenue Recognition.

DEFERRED REVENUE

EUR million	2021	2020
Deferred revenue Jan 1	1.2	1.0
Released to the statement of profit or loss	-1.2	-1.0
Deferred during the year	0.8	1.2
Deferred revenue Dec 31	0.8	1.2

DEFERRED COST OF REVENUE

EUR million	2021	2020
Deferred cost of revenue Jan 1	0.3	0.4
Recognized as an expense during the year	-0.3	-0.4
Deferred during the year	0.3	0.3
Deferred cost of revenue Dec 31	0.3	0.3

3.2 Trade and Other Receivables

Receivables represent amounts the Group expects to collect from other parties in the ordinary course of business. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Accrued income and other receivables, are payments made during this or previous financial years, for expenses yet to be incurred in the future on an accrual basis or accrued income for the financial year, to which payment will be received in future financial periods.

Accounting Principles: Trade and Other Receivables

Accounts receivable are recognized when the right to consideration becomes unconditional and are recognized initially at fair value and subsequently according to the business model at amortized costs. The Group's policy is to recognize a provision for trade receivables which have been found to involve credit loss risk. Major counterparts, such as Apple, Google, and Unity have not been found to be associated with significant credit loss risk, based on the counterparty's credit rating, historical payment behavior and the short term of payment (approximately 30 days) of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NON-CURRENT ASSETS

EUR million	Dec 31, 2021	Dec 31, 2020
Rent guarantees	0.4	0.4
Receivables from licensing agreements	-	0.3
Other non-current receivables	0.5	0.3
Total	0.9	1.1

Long-term debtors balance consist mainly of the Company's security deposits, related to leasing agreements, as well as receivables for license agreements. Other non-current receivables include EUR 0.5 (0.3) million loan receivable from the CEO. Details can be found in the notes 6.1.

CURRENT ASSETS

EUR million	Dec 31, 2021	Dec 31, 2020
Trade and other receivables		
Trade receivables	3.2	1.5
Prepayments and accrued income	1.6	2.3
Other current receivables	0.2	0.1
Total	5.0	3.9
Material items under prepaid expenses		
Receivables from licensing agreements	-	1.4
Items relating to purchases (including revenue deferral receivables)	0.3	0.3
Marketing campaign accruals	0.3	0.3
Government grant accruals	0.8	*
Other	0.2	0.3
Total	1.6	2.3
Material items under other current receivables		
VAT receivables	0.1	0.1
Other current receivables	0.0	0.0
Total	0.2	0.1

*2020 Government grants included in Other.

Next Games has not had any past due trade or other receivables at each period reported.

3.3. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to Next Games prior to the end of financial year which are unpaid. Trade payables are non-interest bearing and generally have a 30-90 day payment term.

Accounting Principles: Trade and Other Payables

Trade payables are recognized according to the invoiced amount. This is considered to correspond to fair value due to their short maturity. Trade and other payables are presented as current liabilities unless payment is extended beyond 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

TRADE AND OTHER PAYABLES

EUR million	Dec 31, 2021	Dec 31, 2020
Trade and other payables		
Trade payables	2.5	2.0
Accruals and deferred income	5.1	3.4
Other current liabilities	0.2	0.2
Deferred revenue	0.8	1.2
Total	8.7	6.8
Material items under accruals		
Accrued personnel expenses	2.3	1.7
Accrued interests	0.0	0.0
Other liabilities	2.9	1.7
Total	5.1	3.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3.4 Deferred Tax Assets and Liabilities

Next Games has evaluated the nature and classification of deferred tax assets. Based on the evaluation, deferred tax assets and liabilities levied by the same taxing authority are netted. The deferred tax assets and liabilities are shown net on the balance sheet.

Accounting Principles: Deferred Tax Assets and Liabilities

Deferred tax is calculated based on temporary differences between carrying amounts and taxable value of assets and liabilities and for tax loss carry- forwards to the extent that it is probable that these can be utilized against future taxable profits. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Key Judgments and Estimates: Deferred Tax Assets and Liabilities

Management judgment is required in assessing whether certain deferred tax assets and deferred tax liabilities are recognized on the balance sheet. Deferred tax assets are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management’s estimates of future cash flows. Estimates of these future cash flows are dependent on the management’s estimates that relate among others to the amount of future net sales, operating costs, finance costs and taxes. The Group's ability to generate taxable income depends also on factors related to general economy, finance, competitiveness and regulations that the Group is unable to control. These estimates and assumptions are subject to risk and uncertainty, hence it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of temporary differences.

Management has estimated that the company will have taxable income to utilize unused tax losses and has recognized a deferred tax asset of EUR 2.8 million related to the losses. In 2021, no new deferred tax assets were recognized. Losses, for the use of which is uncertain and therefore no deferred tax asset has been recognized, amounted to EUR 39.6 (35.5) million in 2021, including estimates of the tax losses during the reporting period. These losses will expire at various times by the end of 2031.

TAX LOSSES: DEFERRED TAX ASSETS AND LIABILITIES

EUR million	2021	2020
Confirmed losses, unrecognized tax assets	39.6	35.5
Confirmed losses on the basis of which a tax asset has been recognized	14.3	14.3
Total tax losses	53.9	49.8
Recognized deferred tax asset	2.8	2.8
Unrecognized deferred tax assets	7.9	7.1
Total tax assets	10.8	9.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

DEFERRED TAX ASSETS AND LIABILITIES

EUR million	Jan 1, 2020	Change	Dec 31, 2020
2020			
Deferred tax assets			
Tax losses	2.8	-	2.8
IPO cost recognition	0.0	-0.0	-
Other items	0.0	0.0	0.1
Total	2.9	-0.0	2.9
Deferred tax liabilities			
Capitalized intangible assets	1.7	-0.3	1.5
Total	1.7	-0.3	1.5
Deferred tax assets, net	1.2	0.2	1.5
EUR million	Jan 1, 2021	Change	Dec 31, 2021
2021			
Deferred tax assets			
Tax losses	2.8	-	2.8
Other items	0.1	0.1	0.1
Total	2.9	0.1	3.0
Deferred tax liabilities			
Capitalized intangible assets	1.5	-0.2	1.2
Total	1.5	-0.2	1.2
Deferred tax assets, net	1.5	0.3	1.7

4. Acquisitions and Capital Expenditure

In this section

- Goodwill
- Intangible Assets
- Tangible Assets
- Depreciation and Amortization

4.1 Goodwill

Accounting Principles: Goodwill

Goodwill represents the consideration Next Games has paid when acquiring a business in excess of the fair value of the assets and liabilities acquired. Goodwill is carried at cost less any accumulated impairment losses and is considered as having an indefinite useful life. At the time of acquisition, goodwill is allocated to those cash generating units which are considered to benefit from the acquisition. Goodwill is not subject to annual amortization.

Impairment of Assets: Goodwill

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the Group's cash generating unit (CGU). Next Games management has evaluated that the Group consists of one cash generating unit, and therefore, goodwill is tested for impairment at the Group level. In assessing the recoverable amount, estimated future cash flows are discounted to their present value. Cash flow estimates are based on operative managerial estimates for future growth in net sales and EBITDA over a five year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. Calculations are based on internal game-specific and under development game forecasts which also take into account historical performance. Discount rate used is the weighted average cost of capital (WACC). The discount rates reflect current assessments of the time value of money with relevant market risk premiums reflecting risks and uncertainties specific in Next Games business and the industry as a whole for which the future cash flow estimates have not been adjusted. Any impairment loss of goodwill is recognized immediately as an expense and is not subsequently reversed.

Key Judgments and Estimates: Impairment Testing of Goodwill

Impairment testing of goodwill requires estimation and judgment in determining the components of the recoverable amount calculation, including the discount rate, the terminal growth rate and development of the net sales and EBITDA (which is for impairment testing purposes defined as earnings before interest, taxes and depreciation and amortization) as well as the general development of the industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Goodwill Allocation and Impairment

Goodwill is tested for impairment at the Group level. Next Games’ management has done an impairment testing of goodwill at the Group level annually based on the situation on December 31 2021. Pre-tax discount rate used in the testing was 16.2% (19.3%) and the long term growth rate was 2.0% (2.0%). Based on the impairment testing of goodwill, the probability for impairment losses was very low for reporting periods 2021 and 2020.

The impairment testing process includes a sensitivity analysis in which key estimates used in the cash flow estimates were changed. In addition, management has assessed that no reasonably possible change in a key assumption of the impairment calculations would have resulted in a goodwill impairment. A summary of the balance sheet values of goodwill and the discount rates used are presented below.

GOODWILL AND IMPAIRMENT OF ASSETS

EUR million	2021	2020
Carrying amount Jan 1	3.3	3.3
Acquisitions	-	-
Carrying amount Dec 31	3.3	3.3

4.2 Intangible Assets

Next Games intangible assets consist mainly of acquired game licenses, and capitalized development costs. Intangible assets also include patents, trademarks and software licenses. The Group does not currently hold intangible assets with indefinite useful lives. Details on goodwill can be found in notes 4.1.

Accounting Principles: Intangible Assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period, or whenever there is an indication a change may have occurred. Changes in the expected useful life are considered to modify either the amortization period or method. The amortization of the intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The group amortized intangible assets with a finite useful life using the straight-line method. Estimated useful lives of intangible assets with finite lives are as follows:

- IT-software, 3 years
- Capitalized development costs, 3–5 years
- Other intangible assets, 3–5 years

Costs related to an intangible asset are capitalized only if it can be demonstrated that the asset will generate future economic benefit, the Group controls the asset in question, there are enough financial, technical and other resources available to complete the asset, and the cost of the asset can be measured reliably. All other expenditure is recognized as an expense incurred. Further information on the capitalization of development expenditure can be found in the notes in section 2.3.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use and generates an economic benefit. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Impairment of Intangible Assets

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. Other intangible assets than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. An impairment loss previously recognized in the income statement is reversed if there has been a significant change in the estimates used to determine the recoverable amount. However, the value after reversal of the impairment shall not exceed the value that the asset would have had without the accumulated depreciation of previous years. Principles related to impairment of goodwill are disclosed in notes 4.1.

Key Judgments and Estimates: Capitalization of Development Costs

The Group capitalizes development costs for a project in accordance with its accounting principles disclosed in notes 2.3. Initial capitalization of costs is based on management’s judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

INTANGIBLE ASSETS

EUR million	Goodwill	Capitalized development costs	Other intangible assets	Total
2020				
Acquisition cost as of Jan 1	3.3	9.9	5.0	18.2
Transactions	-	-	-	-
Additions	-	3.5	0.4	4.0
Decreases	-	-	-	-
Acquisition cost as of Dec 31	3.3	13.4	5.4	22.1
Accumulated depreciation and impairment Jan 1	-	-1.7	-2.5	-4.3
Depreciation	-	-1.2	-1.3	-2.4
Impairment losses	-	-	-	-
Accumulated depreciation and impairment Dec 31	-	-2.9	-3.8	-6.7
Net book value as of Jan 1	3.3	8.1	2.4	13.9
Net book value as of Dec 31	3.3	10.5	1.5	15.4
EUR million	Goodwill	Capitalized development costs	Other intangible assets	Total
2021				
Acquisition cost as of Jan 1	3.3	13.4	5.4	22.1
Transactions	-	-	-	-
Additions	-	5.5	2.1	7.6
Decreases	-	-	-	-
Acquisition cost as of Dec 31	3.3	18.9	7.5	29.7
Accumulated depreciation and impairment Jan 1	-	-2.9	-3.8	-6.7
Depreciation	-	-1.0	-2.5	-3.5
Impairment losses	-	-	-	-
Accumulated depreciation and impairment Dec 31	-	-3.9	-6.3	-10.2
Net book value as of Jan 1	3.3	10.5	1.5	15.4
Net book value as of Dec 31	3.3	15.0	1.2	19.5

Other intangible assets consist of licensing agreements, IT software and trademarks.

4.3 Tangible Assets

Next Games tangible assets mainly include buildings: a right of use asset for a leased office facility, leasehold improvements related to that office facility, and machinery and equipment. Other tangible assets items are not significant.

Accounting Principles: Tangible Assets

Tangible assets are measured at cost less accumulated depreciation and any impairment losses, if applicable. Applicable borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Gains and losses on sales and disposals of items of property, plant, and equipment are presented under other operating income and other operating expenses respectively. The subsequent costs related to tangible assets are capitalized only if the future economic benefits exceed the originally assessed level of performance. All other expenditure on repairs and maintenance of tangible assets is recognized as expense when incurred. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets.

Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

- Buildings
 - Right of use asset, 2-5 years
 - Leasehold improvements of buildings, 2-5 years
- Machinery and Equipment, 3-5 years

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CONTINUED

TANGIBLE ASSETS

EUR million	Buildings	Machinery and equipment	Total
2020			
Acquisition cost as of Jan 1	8.0	0.6	8.6
Additions	0.1	-	0.1
Business combinations	-	-	-
Disposals and other changes	-	-	-
Acquisition cost as of Dec 31	8.1	0.6	8.7
Accumulated depreciation and impairment at Jan 1	-2.9	-0.4	-3.3
Depreciation	-1.4	-0.1	-1.5
Impairment	-	-	-
Accumulated depreciation and impairment at Dec 31	-4.3	-0.5	-4.8
Net book value as of Jan 1	5.1	0.2	5.3
Net book value as of Dec 31	3.8	0.1	3.9

EUR million	Buildings	Machinery and equipment	Total
2021			
Acquisition cost as of Jan 1	8.1	0.6	8.7
Additions	1.7	0.0	1.8
Business combinations	-	-	-
Disposals and other changes	-	-	-
Acquisition cost as of Dec 31	9.9	0.6	10.5
Accumulated depreciation and impairment at Jan 1	-4.3	-0.5	-4.8
Depreciation	-1.4	-0.1	-1.4
Impairment	-	-	-
Accumulated depreciation and impairment at Dec 31	-5.7	-0.6	-6.3
Net book value as of Jan 1	3.8	0.1	3.9
Net book value as of Dec 31	4.2	0.0	4.2

4.4 Depreciation and Amortization

DEPRECIATION AND AMORTIZATION

EUR million	2021	2020
Accumulated amortizations	-3.5	-2.4
Accumulated depreciations	-1.4	-1.5
Total	-5.0	-3.9

FUNCTIONAL BASED AMORTIZATION AND DEPRECIATIONS

EUR million	2021	2020
Research and development	-2.8	-2.1
Sales and Marketing	-2.0	-1.6
Administrative	-0.2	-0.2
Total	-5.0	-3.9

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5. Group Capital and Risks

In this section

- Capital Risk Management
- Financial Risk Management
- Shareholder's Equity
- Net Debt and Borrowings
- Leasing
- Finance Income and Expenses
- Employee Benefits
- Cash and Cash Equivalents

5.1 Capital Risk Management

The purpose of capital management for the Group is to secure ongoing operations during varied market conditions and to support long term strategic development. This is achieved by guaranteeing access to internally generated funds, in addition to guarantee access to external funds (debt or equity) timely and at a reasonable cost. In order to secure access to necessary funding Next Games follows and monitors approved guidelines. Funding for the Group is controlled by the parent company within the limits of the Treasury policy; the balance of short and long term debt must be within approved guidelines. The aim is to keep the Group's solidity above 50%. The Group should not be dependent on only one source of financing but have several counterparties. The Board of Directors monitor the Group's capital structure regularly.

NET DEBT

EUR million	Dec 31 2021	Dec 31 2020
Cash and cash equivalents	2.2	4.3
Loans – repayable within one year	-1.8	-1.2
Loans – repayable after one year	-4.4	-2.7
Net debt	-4.0	0.4
Cash and cash equivalents	2.2	4.3
Gross debt – fixed interest rates	-6.2	-3.9
Net debt	-4.0	0.4

CHANGE IN NET DEBT

EUR million	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as of Jan 1st, 2020	7.7	-1.0	-3.2	-0.2	-0.5	2.7
Cash flows	-3.0	–	–	–	–	-3.0
Acquisitions – finance leases and lease incentives	–	1.2	–	–	–	1.2
Foreign exchange adjustments	-0.3	–	–	–	–	-0.3
Other changes	–	-1.3	1.0	0.1	0.0	-0.2
Net debt as of Dec 31st, 2020	4.3	-1.1	-2.1	-0.1	-0.5	0.4

EUR million	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as of Jan 1st, 2021	4.3	-1.1	-2.1	-0.1	-0.5	0.4
Cash flows	-2.3	–	–	–	–	-2.3
Acquisitions – finance leases and lease incentives	–	0.9	–	–	–	0.9
Foreign exchange adjustments	0.2	–	–	–	–	0.2
Other changes	–	-0.9	-1.0	-0.7	-0.8	-3.3
Net debt as of Dec 31st, 2021	2.2	-1.1	-3.1	-0.8	-1.3	-4.0

5.2 Financial Risk Management

The aim of the financial risk management is to secure the business operation's profitability and continuity of identifying, and controlling of financial risks and protection from relevant financial risks when needed. Next Games Corporation's financial risk management has been carried out by the Management team. The Group Management team consists of the CEO and other C-level management (CFO, CTO, CPCO, CCO, CGO, COO), and has been operating under guidelines provided by the Board of Directors. Internal control is done by the Finance Department. The overall objective of the Group's Treasury policy is to protect equity and future profits to be affected from unpredictability in the financial markets. For the purpose of this policy only risk with both uncertainty of events and exposure, should be mitigated. Furthermore, the objective is to attempt to secure access to liquidity and financing at all times, to a reasonable cost.

Market Risk

Market risk is defined as risk related to a change in value of financial instruments or future cash flows due to market price fluctuations. Key market risks for the Group relate to foreign exchange risk, interest rates, and price risk in relation to user acquisition.

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1. Foreign Exchange Risk

The Group operates globally and is exposed to transaction and translation foreign exchange risks. The major currency to which Next Games Corporation is exposed to is the United States Dollar. The objective of foreign exchange risk management is to mitigate adverse impacts from foreign exchange fluctuations on the Group profitability and cash flows. Transaction risk arises from liabilities together with foreign currency denominated future cash flows. Significant exposure related to transactions can be hedged under the treasury policy. The Group holds USD in currency accounts. Transaction risk occurs when converting balances from foreign currency accounts into the base currency.

EFFECT OF FOREIGN CURRENCY TRANSLATIONS

EUR million	2021	2020
Exchange rate gain	0.3	0.0
Exchange rate loss	-0.1	-0.3
Total	0.2	-0.3

2. Interest Rate Risk

Interest rate risk is defined as the uncertainty of Next Games Corporations value, profit and loss due to changes in interest rates. The objective of interest rate risk management is to minimize the impact of fluctuations arising from interest rate changes on the Group's profit. The Group is exposed to interest rate risk through its interest-bearing loans (excluding financial leases). During the reporting period market interest rate has been below 4%, in combination with low amounts of outstanding interest-bearing loans, interest rate risk is currently not significant. The company has a Nordea overdraft limit of EUR 0.9 million (interest 3-month Euribor +2.7% + 1.7% limit interest) valid until July 2022. At the end of the reporting period EUR 0.5 million had been used. In addition the company received a related party loan by Jari Ovaskainen, amounting to EUR 3.0 million. The interest rate on the loan is 6%. At the end of the reporting period EUR 1.0 million had been used.

INTEREST RATE RISK AND NOMINAL VALUES ON LOANS

EUR million	2021	2020
Business Finland, 1% interest	0.6	0.7
Related Party loan, 6% interest	1.0	-
Nordea – overdraft limit, 3 months euribor + 2.7% + 1.7% limit interest	0.5	-
Total	2.1	0.7

3. Risk Related to User Acquisition

User acquisition costs have significantly increased during the past three years as the growth of the industry is no longer based on a rising number of players, and there is a growing number of games competing for the same audience segment.

Competition in digital marketing channels has toughened as there is an increasing number of advertisers buying media through the same channels. The advertising market is dominated by a handful of large companies, such as Facebook and Google, and it seems their position will only continue to strengthen. The lack of competition and the lack of transparency in the advertising functionality offered by these platforms affect user acquisition pricing.

For example, advertising prices on Facebook in North America have risen over 200% from 2016 to 2021. The cost is being paid by advertisers, such as mobile games companies. This unpredictable price increase can affect Next Games profitability for current games, as well as influence requirements towards future game performance (ARPDau, retention). Though Next Games cannot directly influence or control prices, the Company aims to tackle increasing user acquisition prices by its license strategy. The License strategy both enables use of alternative marketing methods and channels, in addition to increasing the probability of players to organically find a game. Both methods can decrease the total price of acquiring players.

Possible restrictions on targeted advertising are typical in the mobile games market and changes in advertising, and thus user acquisition, are constant. Apple's decision to restrict sharing of IDFA data in connection with its new iOS14 update is one such relevant restriction. IDFA is user-specific information that enables advertising services, such as Facebook, to allow advertisers to precisely target ads. Disabling or restricting IDFA prevents advertisers, such as gaming companies, from targeting user acquisition as precisely as before. This modification has prompted concerns in the market about the future profitability of advertising. As a result of the IDFA change, the Company expects Google, Facebook and other advertisers to possibly implement major changes in the future. While the full impact of the IDFA change is still difficult to predict, Next Games believes its marketing strategy will work well in the future.

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Credit and Counterparty Risk

Next Games has minimal exposure to counterparty risk, e.g. the risk that the Group's counterparties fail to meet its obligation. Next Games is exposed to counterparty risk through its accounts receivables: To ad networks in relation to advertising revenue, and to digital storefronts for revenues related to in application purchases. As at December 31 2021, Apple and Google represent 95% of entities accounts receivables. Next Games' major counterparties such as Apple, Google, and Unity have not been found to be associated with significant credit risk. Next Games finance department continuously assesses credit and counterparty risk, as at December 31 2021 no significant credit risk has been associated with its partners.

Credit and Counterparty Impairment

The Company has not recorded any credit losses and has not had a credit loss provision in the financial years 2021 and 2020.

Liquidity risk

The focus of liquidity management is to safeguard Next Games ability to meet short term obligations and to ensure that the liquidity always is used in the most optimal manner. Furthermore, liquidity management should aim to achieve acceptable returns on surplus liquidity, and to safeguard against negative interest rates within the limits of the Group's risk policy. In order to achieve the most optimal cash management, the entity monitors liquidity position and follows approved group guidelines to maintain a sufficient liquidity level. As at December 31 2020 Next Games cash and cash equivalents totaled EUR 4.3 million. The following tables present the entity's financial liabilities classified into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

MATURITY OF FINANCIAL LOANS

EUR million	1-3 months	4-12 months	1-5 years	Over 5 years	Total
December 31 2020					
Non-current governmental agency loan	-	0.1	0.5	-	0.6
Trade payables	2.0	-	-	-	2.0
Lease liabilities	0.3	0.8	2.1	-	3.2

EUR million	1-3 months	4-12 months	1-5 years	Over 5 years	Total
December 31 2021					
Nordea – overdraft limit	-	0.5	-	-	0.5
Related Party loan	-	-	1.0	-	1.0
Non-current governmental agency loan	0.2	0.1	0.3	-	0.6
Trade payables	2.5	-	-	-	2.5
Lease liabilities	0.3	1.1	2.9	-	4.2

5.3 Shareholders' Equity

Next Games Oyj's share capital, paid in its entirety and registered in the trade register remained unchanged at EUR 0.1 (0.1) million in 2021. The Company has one class of shares. Shares have no nominal value. Each share entitles its shareholder to one (1) vote in the general meeting and shares have equal rights to dividends. All shares subscribed for with option-rights, rights offering, and payments have in its entirety been recorded to the Company's unrestricted equity.

RETAINED EARNINGS

EUR million	2021	2020
At January 1	-42.4	-38.9
Profit (loss) for the year	-5.3	-3.9
Dividends paid	-	-
Share-based payments	0.5	0.4
At December 31	-47.2	-42.4

Share and Share Issuance SHARE SUBSCRIPTIONS

Shares	2021	2020
Number of shares at January 1	27,985,988	27,916,224
Option subscriptions	57,807	69,764
Rights offering	2,020,000	-
Number of shares at December 31	30,063,795	27,985,988

The Company holds 13,410 (13,410) treasury shares.

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CHANGES IN UNRESTRICTED EQUITY DURING THE REPORTING PERIOD

EUR million	2021	2020
Share issues based on stock options	0.0	0.0
Offering of shares	4.2	-
Costs of offering of shares	-0.2	-
Total	4.1	0.0

Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the financial year and excluding treasury shares. Diluted earnings per share is calculated on the same basis as basic earnings per share except including the impact of any potential commitments the Group has to issue shares in the future. Next Games has stock option plans, which are explained in more detail in the section 5.3. Share-based payments.

EUR	2021	2020
Profit operations attributable to the owners of the Company (EUR thousand)	-5.3	-3.9
Weighted average number of shares outstanding during the period	30,047,359	27,944,968
Diluted and non-diluted earnings per share (EUR)	-0.18	-0.14

Dilution impact is not taken into account in 2021 and 2020 because the effect is anti-dilutive (ie. It would decrease loss per share).

Dividends and Distributable Equity

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year 2021. The general meeting resolved not to distribute any dividend for the financial year ended December 31 2020. The report of the Board of Directors is signed before it is presented to the Annual General Meeting.

DISTRIBUTABLE EQUITY

EUR million	2021	2020
Reserve for invested unrestricted equity	65.7	61.4
Retained earnings (loss)	-53.9	-47.6
Profit (loss) for the financial year	-9.9	-6.4
Retained earnings, total	1.9	7.5
Total	1.9	7.5

Share-based Payments

Next Games has five share-based incentive schemes: Equity Plan 2015, Equity Plan 2017, Equity Plan 2018, Equity Plan 2019 and Equity Plan 2020. All of Next Games employees, whose probation period ended by the end of 2021 are option holders. The Company intends to continue granting options to all new employees at the end of their probation period as a long-term incentive. Unless otherwise decided by the Board of Directors, option rights are issued to recipients free of charge, and the subscription price for the shares is defined in each Equity Plan.

For the Equity Plan 2015, individual terms and conditions are applied to the subscription period for each eligible employee.

For the Equity Plan 2017 a subscription period where 25% of the option rights entitle to share subscription exactly one year following the grant, and the remaining 75% of the option rights entitle to share subscription in regular monthly installments over a period of 36 months from the date when exactly one year has passed since the option grant is applied.

For the Equity Plans 2018-2020 a subscription period where the option rights entitle to share subscription in annual installments of 25% each, starting from one full year following the grant date is applied. The options are granted in multiple batches, and for each batch the Board of Directors decides on the subscription price. Therefore, there are multiple different subscription prices inside these Equity Plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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In all instances, the right to share subscription requires that the recipient of the option rights is continually in service with Next Games as an employee, consultant, member of the management team or member of the Board of Directors. If a recipient's service relationship with Next Games ceases for any reason, all unexercised option rights that do not yet entitle to share subscription automatically terminate and are forfeited to the Company without separate compensation. If a recipient whose service relationship with Next Games has terminated holds option rights that entitle to share subscription, he or she is entitled to exercise such option rights within 30 days from the date of termination, at which point the option rights that remain unexercised automatically terminate and are forfeited to the Company without separate compensation.

Equity Plans 2017-2020 are published after the split of the share, and for these Equity Plans the shares can be subscribed for at the ratio of 1:1. Previous Equity Plans were published before the split of the share, and for these plans the shares can be subscribed for at the ratio of 4:1, meaning that one (1) option right entitles to the subscription of four (4) shares. The Company can grant options to the current or future employees of the Company or its subsidiaries, external consultants, management and the members of the Board of Directors. Granting of options requires the decision of the Board of Directors in every instance. The Company is planning to commit each full-time employee to the Company via the Equity Plans.

Next Games has used its own shares for business transactions, such as license acquisition deals and business acquisitions. Expenses for the post- combination compensation element of transactions have been recorded over a vesting period of two years.

Accounting Principles: Share-based Payments

Employees and key staff employed by Next Games are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity- settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, Black-Scholes. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (retained earnings) over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately

vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is canceled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of comprehensive income.

Key Judgments and Estimates: Share-based Payments

Next Games uses the Black-Scholes pricing model to value share-based payments. All parameters used in the calculation are presented in the tables below. The fair value of Next Games' shares prior to the IPO was determined by an independent third party.

OPTION PRICING MODEL

Equity plan	Issued during 2021	Issued during 2020	Issued during 2019	
	2020	2020	2019	2017 & 2018
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Fair value at December 31	1.26€	0.85€	0.58€	0.78€
Expected volatility	75%	0.79	42%	31%
Share price at the valuation date	1.80€	1.15€	1.47€	1.78€
Weighted average share price during the period	1.62€	1.52€	1.27€	1.27€
Exercise price	1.74€	0.96€	1.16€	1.14€
Expected dividend yield	-€	-€	-€	-€
Risk free interest rate	-0.30%	-0.32%	-0.22%	-0.17%
Forfeiture rate	12%	12%	12%	12%

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CHANGES DURING THE 2020 REPORTING PERIOD

Equity plan	Jan 1, 2020 Outstanding number of options	Granted	Redeemed	Exercised	Expired	Forfeited	Dec 31, 2020 Outstanding number of options
2015	94,294			-4,231		-7,182	82,881
2017	208,433			-141		-48,429	159,863
2018	504,906			-3,750		-92,698	408,458
2019	835,376					-58,396	776,980
2020		102,782					102,782
Total	1,643,009	102,782	-	-8,122	-	-206,705	1,530,964

CHANGES DURING THE 2021 REPORTING PERIOD

Equity plan	Jan 1, 2021 Outstanding number of options	Granted	Redeemed	Exercised	Expired	Forfeited	Dec 31, 2021 Outstanding number of options
2015	82,881	-	-	-3,496	-	-3,987	75,398
2017	159,863	-	-	-4,648	-	-41,746	113,469
2018	408,458	-	-	-7,500	-	-82,948	318,010
2019	776,980	-	-	-15,650	-	-169,345	591,985
2020	102,782	1,290,020	-	-3,450	-	-27,299	1,362,053
Total	1,530,964	1,290,020	-	-34,744	-	-325,325	2,460,915

SUBSCRIPTION PRICE

Equity plans	Issued price per option	2021 Weighted average share price	2020 Weighted average share price
2015*	2.66€ - 5.10€	0.85€	0.86€
2017	1.14€ - 7.90€	1.14€	1.14€
2018	1.14€ - 6.17€	1.14€	1.14€
2019	0.85€ - 1.38€	0.85€	-
2020	0.96€ - 2.29€	0.96€	-
Total	0.85€ - 7.90€	0.96€	1.00€

* One (1) option right entitles to the subscription of four (4) shares.

COST EFFECT OF SHARE BASED INCENTIVE PLAN

EUR million	2021	2020
Costs related to equity plan - share-based payment	0.5	0.4
Costs related to the equity plan, total	0.5	0.4

ALLOCATION OF SHARE BASED INCENTIVES

EUR million	2021	2020
Research and Development	0.3	0.2
Sales and Marketing	0.1	0.1
Administration	0.1	0.1
Total	0.5	0.4

5.4 Net Debt and Borrowings

Accounting Principles

The Group's interest bearing debt is categorized as other financial liabilities. Interest-bearing debt from financial institutions are recorded at fair value net of transaction costs at the point of acquisition. In determining fair value future cash outflows are discounted using market rates adjusted for relevant risk premiums. Loans from governmental agencies with a below-market rate of interest generate a benefit between the de facto below market-rate and true market rate of interest which is treated as a government grant and recognized as deferred income. Government grants are recognized in the income statement on a systematic basis over the periods in which related costs are recognized as expenses.

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BORROWINGS

EUR million	Currency	Fair value	Final due date	Net book value	
				2021	2020
Borrowings					
Business Finland – Valtionkonttori 1	EUR	0.2	March 13 2023	0.2	0.2
Business Finland – Valtionkonttori 2	EUR	0.4	August 31 2024	0.3	0.4
Nordea – overdraft limit (used)	EUR	0.5	July 15 2022	0.5	–
Related Party loan (used)	EUR	1.0	December 1 2029	1.0	–
Total		2.1		2.0	0.6
EUR million				2021	2020
Non-current liabilities					
Non-current governmental agency loan				0.3	0.5
Related Party loan (used)				1.0	–
Total non-current liabilities				1.3	0.5
Current liabilities					
Current governmental agency loan				0.3	0.1
Nordea – overdraft limit (used)				0.5	–
Total current liabilities				0.8	0.1
Total liabilities				2.0	0.6

5.5 Leasing

The Group has entered into various agreements concerning property, plant and equipment classified as financial leases. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Accounting Principles: Leasing

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Next Games has used short-term exemption to its interim head office lease, and low-value exemption to

its IT-equipment. Leases are recognized as a right-of-use asset and corresponding liability at the date of which leased asset is available for use by the Group. Assets and liabilities arising from a lease are measured on a present value basis.

Lease liabilities include fixed lease payments (including in-substance fixed payments) and also any implied expected amounts payable relating to residual value guarantee and exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The lease payments are discounted using interest rate implicit in the lease, if that rate can be determined, or using incremental borrowing rate. Certain property lease payments are linked to an inflation index. Variable lease payments based on an index are part of the lease liability and are measured initially using the index at the commencement date. Future changes of the index are considered in measurement at the point in time in which lease payments change.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs, and restoration costs.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. IFRS 16 related lease payments and interest payments are presented as part of financing cash flow in the Company’s cash flow statement.

Key Judgments and Estimates: Leasing

Next Games’ management periodically assess the need for its current and future premises and, on that basis, make an assessment of any new leases or possible terminations of leases.

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LEASE CONTRACTS

EUR million	2021	2020
Right-of-use asset		
Buildings	3.7	3.0
Total Right-of-Use Asset	3.7	3.0
EUR million	2021	2020
Lease liabilities		
Current	1.1	1.1
Non-current	3.1	2.1
Total lease liabilities	4.2	3.2
EUR million	12.31.2021	12.31.2020
Financial statement includes the following costs related to the lease contracts		
Amortization and impairment	1.0	1.1
Financial expenses	0.1	0.1
Costs from low value underlying assets	0.5	0.5
Total	1.6	1.7
Total cash flows from lease payments	0.9	1.2

5.6 Finance income and expenses

The Company's financial income mainly consists of interest income on the Company's bank deposits as well as foreign exchange gains. Finance costs consist of interest expenses on loans and foreign exchange losses on financing activities. Other finance expenses comprise deposit fees of bank savings and collateral fees. Other finance expense items are insignificant.

INTEREST INCOME AND EXPENSES

EUR million	2021	2020
Finance income and other finance income		
Interest income	0.0	0.0
Exchange rate gain	0.3	0.0
Interest income and other finance income total	0.3	0.0
Interest expense and other finance cost		
Interest expense	-0.2	-0.2
Exchange rate loss	-0.1	-0.3
Other finance cost	-0.0	-0.0
Interest expense and other finance cost total	-0.3	-0.5
Finance costs, net	-0.0	-0.5

Accounting Principles: Finance Income and Expenses

Transaction costs related to loans are expensed in profit or loss using an effective interest rate method. The effective interest rate is the rate that discounts the estimated future payments through the expected life of a loan to the net carrying amount of the financial liability. The calculation includes all fees paid by the contracting parties and trans-action costs. Interest income is recognized using the effective interest rate, unless the receipt of interest is uncertain. In such cases the interest income is accounted for on a cash basis. Foreign exchange gains and losses on financing activities are recognized within finance income or costs.

5.7 Employee Benefits

Employee benefits include short-term employee benefits, benefits paid upon termination and post employee benefits. Short-term employee benefits include salaries and fringe benefits, annual holidays and bonuses. Next Games also has multiple Equity plans, which costs are recorded to employee expenses according to IFRS 2 principles. Benefits are classified into defined contribution and defined benefit plans. The Group has no defined benefit based pension plans. Benefits paid upon termination refer to benefits arising from termination of employment, not performance of work. Post-employment benefits consist of benefits paid after employment, such as healthcare.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Accounting Principles: Employee Benefits

Liabilities arising from short-term benefits are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Incentive plans are approved annually. The Group utilizes defined contribution pension plans under which the Group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are charged directly to the statement of comprehensive income in the year to which these contributions relate.

EMPLOYEE BENEFITS

EUR million	2021	2020
Salaries and wages	3.6	4.6
Other social expenses	0.1	0.1
Share-based payment expense	0.5	0.4
Pension expenses	0.6	0.7
Total	4.8	5.8

Details on Share-Based payments can be found in the notes section 5.3.

EMPLOYEE BENEFITS BY FUNCTION

EUR million	2021	2020
Research and Development	1.0	1.6
Sales and Marketing	1.8	2.4
Administration	2.0	1.7
Total	4.8	5.8

GENERAL INFORMATION ON EMPLOYEES

Average personnel employed	2021	2020
Research and Development	70	60
Sales and Marketing	30	34
Administration	13	14
Total	113	109
As of December 31	121	104

5.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash at hand and deposits held at call with banks which all are non-restricted. Foreign currency cash and cash equivalents are translated into EUR by using the currency rate of fiscal year end. The Group uses official currency rates of the Bank of Finland for translation. Used bank overdrafts are included in other current liabilities.

CASH AND CASH EQUIVALENTS

EUR million	Dec 31 2021	Dec 31 2020
Cash in hand and at bank	2.2	4.3
Total	2.2	4.3

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6. Other Disclosures

- In this Section
- Related Party Transactions
 - Commitments and Contingent Liabilities
 - Income Tax
 - Management Compensation
 - Events After the Reporting Period

6.1 Related Party Transactions

Next Games’ related parties include its subsidiaries, associated company, the members of the Board of Directors, CEO, the members of the Management Team, as well as shareholders having significant influence over the Company. Related parties also include the close family members of these individuals and entities that are controlled or jointly controlled by a person identified as a related party. Transactions with related parties were made on an arm’s length basis.

RELATED PARTY TRANSACTIONS

EUR million	2021	2020
Licensing fees and marketing services	-2.1	-2.4
Loans from board member	-1.0	-
Loan to CEO	0.2	0.3

OPEN BALANCES WITH RELATED PARTIES

EUR million	Dec 31 2021	Dec 31 2020
Licensing fees and marketing services	-1.1	-0.8
Loans from board member	-1.0	-
Loan to CEO	0.5	0.3

Next Games related party transactions include normal business transactions with license partners (AMC). Transactions are normal in Next Games business model and are following arm’s length principle. Details related to management compensation are disclosed in notes 6.4. A related party loan was granted to the CEO as part of an equity compensation plan for 2019. Company had at the end of the reporting period EUR 0.5 million loan receivable from the Company’s CEO. EUR 0.1 million loan repayment was made in February 2022. Annual loan repayments begin on December 1 2024. Loan’s annual interest is 12-month Euribor added with 1.6%. CEO’s shares of the Company have been received as securing collateral for the loan and at the end of reporting period

the total value of the shares was EUR 0.2 million. Board Member and related party Jari Ovaskainen granted a EUR 3.0 million loan to the Company. The loan carries interest of 6%. At the end of the reporting period the Company had withdrawn EUR 1.0 million. After the reporting period in February 2022 the Company withdrew an additional EUR 0.5 million and EUR 1.5 million remains available.

6.2 Commitments and Contingent Liabilities

Next Games has a Finnish state-owned financing company Finnvera’s guarantee of 50% on its overdraft limit of 0.9 million euros, for which the company has given a 1.0 million euro business mortgage. The terms of the credit line allow for it to be doubled for scaling purposes. Overdraft limit expires July 15 2022.

COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	2021	2020
Loans secured by mortgages		
Nordea – overdraft limit	0.5	-
Amount of mortgages given as collateral	1.2	-
Low value leasing asset commitment	0.6	0.7
Within a year	0.3	0.3
Over one year	0.2	0.4

6.3 Income Tax

Income tax expenses comprise of taxes from the current and previous periods, as well as deferred tax and other immediate taxes.

Accounting Principles: Income Tax

Income tax expense is recognized in income statements except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized directly in equity or in other comprehensive income respectively. Next Games has not recognized any income taxes in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year. Details on deferred taxes are available in notes 3.4. Key estimates and judgments referring to tax deferrals can be found from note’s section 3.4.

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INCOME TAX

EUR million	2021	2020
Current tax on profit for the period	–	–
Other direct taxes	–	–
Income tax relating to previous financial years	–	–
Total deferred tax expense	0.3	0.2
Income tax expense	0.3	0.2

RECONCILIATION OF INCOME TAX

EUR million	2021	2020
Profit before taxes	-5.6	-4.1
Tax calculated at Finnish tax rate 20%	1.1	0.8
IFRS 2 expenses, tax effect	-0.1	-0.1
Expenses not deductible for tax purposes	0.0	-0.1
Depreciations for capitalizations not deducted in taxation	0.0	0.1
Unrecognized deferred tax assets on tax losses	-0.8	-0.5
Other adjustments	–	–
Share of profits of associates, net of tax	–	0.0
Other direct taxes	–	–
Income tax expense	0.3	0.2

Reconciliation of income tax recognized in the consolidated income statement is calculated using the Finnish tax rate (20% for all periods).

6.4 Management Compensation

The Board of Directors decides on the remuneration and criteria of the CEO and the members of the Management Team. Compensation consists of a monthly salary and bonus. The Board of Directors decides the terms of bonuses annually based on individual and company wide performance criteria. Management is subject to the same Equity plans as other personnel.

MANAGEMENT COMPENSATION

EUR million	2021	2020
CEO remuneration (cash based)		
Salary, other remuneration and benefits (1, 2 & 4)	0.4	0.2
Pension costs – defined contribution plan (3)	0.1	0.0
Total	0.5	0.2
Management team remuneration (excluding CEO, cash based)		
Salary, other remuneration and benefits (1, 2 & 4)	0.9	0.7
Pension costs – defined contribution plans	0.1	0.1
Total	1.0	0.8
The Board of Directors remuneration (cash based)	0.1	0.1
Management share-based payments (5)	0.1	0.0
Total of key management and the Board of Directors	1.7	1.2

The CEO is entitled to the statutory pension and the age of retirement is determined in accordance with the statutory employee pension system. Termination period for the CEO's employment contract is six months, and he is entitled to the salary for the termination period as well as the performance bonus until the termination date. If the CEO decides to resign from the Company or his employment is terminated during the bonus period (the fiscal year) or before the payment of the possible bonus is made, the CEO will not be entitled to receive any payment for the period in question. In case of retirement, the bonus is paid for the period of active employment. In case the notice of termination is given to the CEO, a severance pay of 12 months' base salary will be paid in addition to the salary for six months' notice period. If the CEO gives a notice of termination to the Company, no severance pay will be paid in addition to the salary for the notice period.

1.) Salary is the monetary compensation paid by the Group to its Management, including any bonus payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 2.) Other benefits include customary benefits such as lunch and mobile phone.
- 3.) Pension contribution is based on the statutory employee pension system, the Group has no voluntary or additional pension plans in place.
- 4.) Option benefits are not monetary compensations from the Group to its Management. The benefit achieved is calculated as the difference between price paid per share and prevailing share price at the point of exercising. This amount is treated as a taxable benefit as per the Finnish tax code. True monetary benefits from programs are unknown and realized at the point of share liquidation. Benefits are based on programs issued between 2015 and 2021. Exercising options does not impact the Group's cash position, or profit and loss statement.
- 5.) IFRS 2 share based payments are expenses recorded to the Profit and Loss statement based on options granted and vested by management members.

6.5 Events After the Reporting Date

Netflix, Inc. announced on 2 March 2022 a voluntary recommended public cash tender offer for all issued and outstanding shares in Next Games Corporation.

Next Games reached an agreement with its partner Alcon Entertainment to discontinue the Blade Runner Rogue game project after the reporting period in February 2022. The game did not meet the mutually agreed targets. The game will be immediately removed from Apple App Store and Google Play store, but will remain online for existing players until June 2022.

PARENT COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT

EUR	Parent 1.1.2021-12.31.2021	Parent 1.1.2020-12.31.2020
REVENUE	25,181,192.66	27,181,654.80
Other operating income	790,085.08	700,276.32
Raw materials and services		
External services	-16,987,267.20	-17,274,818.73
Raw materials and services total	-16,987,267.20	-17,274,818.73
Personnel expenses		
Wages and salaries	-7,721,627.86	-7,159,051.30
Social security expenses		
Pension expenses	-1,313,030.46	-1,127,436.97
Other social security expenses	-250,880.06	-182,229.11
Personnel expenses total	-9,285,538.38	-8,468,717.38
Depreciation, amortization and write-offs		
Depreciation and amortization according to plan	-2,318,709.40	-2,166,850.45
Impairment in non-current assets	-775,352.01	0.00
Depreciation, amortization and write-offs total	-3,094,061.41	-2,166,850.45
Other operating expenses	-6,398,069.78	-5,883,502.08
OPERATING PROFIT (LOSS)	-9,793,659.03	-5,911,957.52
Financial income and expenses		
Other interest income and financial income		
From others	280,486.32	17,228.59
Reduction in value of investments held as non-current assets	0.00	-62,605.40
Other interest expenses and other financial expenses		
To others	-351,705.09	-398,561.86
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-9,864,877.80	-6,355,896.19
Income taxes		
Income taxes for the financial year	0.00	0.00
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-9,864,877.80	-6,355,896.19

BALANCE SHEET

EUR	Parent 12.31.2021	Parent 12.31.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	1,032,385.34	1,272,436.98
Other intangible assets	800,189.59	1,487,624.07
Intangible assets total	1,832,574.93	2,760,061.05
Tangible assets		
Machinery and equipment	127,338.29	161,711.29
Tangible assets total	127,338.29	161,711.29
Investments		
Holdings in group undertakings	27,500.00	27,500.00
Investments total	27,500.00	27,500.00
NON-CURRENT ASSETS TOTAL	1,987,413.22	2,949,272.34
CURRENT ASSETS		
Long-term debtors		
Loan receivables	489,081.48	321,729.05
Other debtors	395,200.00	395,200.00
Prepayments and accrued income	6,612.00	343,199.00
Deferred tax assets	2,849,791.40	2,849,791.40
Long-term debtors total	3,740,684.88	3,909,919.45
Short-term debtors		
Trade debtors	3,201,148.12	1,508,045.72
Other debtors	165,453.51	128,540.36
Prepayments and accrued income	1,592,924.87	2,281,295.68
Short-term debtors total	4,959,526.50	3,917,881.76
Cash in hand and at banks	2,209,639.93	4,311,872.52
CURRENT ASSETS TOTAL	10,909,851.31	12,139,673.73
ASSETS TOTAL	12,897,264.53	15,088,946.07

PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

EUR	Parent 12.31.2021	Parent 12.31.2020
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000.00	80,000.00
Other reserves		
Invested unrestricted equity reserve	65,713,073.03	61,428,663.05
Other reserves total	65,713,073.03	61,428,663.05
Retained earnings (loss)	-53,928,849.17	-47,572,952.98
Profit (loss) for the financial year	-9,864,877.80	-6,355,896.19
EQUITY TOTAL	1,999,346.06	7,579,813.88
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	331,500.00	553,250.00
Other creditors	1,000,000.00	0.00
Non-current liabilities total	1,331,500.00	553,250.00
Current liabilities		
Loans from credit institutions	276,625.00	109,750.00
Other financial liabilities	486,277.89	0.00
Advances received	776,320.92	1,193,688.55
Trade creditors	2,539,699.37	2,034,806.85
Amounts owed to group undertakings	18,939.61	18,939.61
Other creditors	200,105.27	224,004.56
Accruals and deferred income	5,268,450.41	3,374,692.62
Current liabilities total	9,566,418.47	6,955,882.19
LIABILITIES TOTAL	10,897,918.47	7,509,132.19
EQUITY AND LIABILITIES TOTAL	12,897,264.53	15,088,946.07

PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

CASH FLOW STATEMENT

EUR	Parent 1.1.2021-12.31.2021	Parent 1.1.2020-12.31.2020
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	-9,864,877.80	-6,355,896.19
Adjustments:		
Depreciation according to plan	2,318,709.40	2,166,850.44
Impairment in non-current assets	775,352.01	62,605.40
Unrealized foreign exchange gains and losses	-173,821.09	293,544.65
Other non-cash items	-75,803.25	-95,297.85
Financial income and expenses	234,434.33	62,806.82
Cash flow before working capital changes	-6,786,006.40	-3,865,386.73
Working capital changes:		
Increase/decrease in trade and other short-term interest free receivables (-)/(+)	-2,614,571.08	1,310,083.81
Increase/decrease in short-term interest-free liabilities (+)/(-)	2,129,779.20	-302,606.50
Working capital changes total	-484,791.88	1,007,477.31
Operating cash flow before financing items and taxes	-7,270,798.28	-2,857,909.42
Paid interest and other financial expenses relating to operating activities	-229,117.77	-72,814.62
Interest received relating to operating activities	878.00	252.98
Income taxes paid	0.00	0.00

Cash flow from operating activities (A)	-7,499,038.05	-2,930,471.06
Cash flow from investments		
Purchase of tangible and intangible items	-8,070.00	0.00
Cash flow from investments (B)	-8,070.00	0.00
Cash flow from financing activities		
Proceeds from issuance of equity	4,296,392.82	11,242.93
Repayment of long-term borrowings	-54,875.00	-67,000.00
Repayment of short-term borrowings	0.00	0.00
Withdrawals of long-term loans	1,000,000.00	0.00
Paid interest expenses and other financial expenses (*)	0.00	-50,662.50
Cash flows from financing activities (C)	5,241,517.82	-106,419.57
Effect of exchange rate differences on cash and cash equivalents	163,357.64	-318,526.45
Change in cash and cash equivalents	-2,102,232.59	-3,355,417.08
Cash and cash equivalents at beginning of period	4,311,872.52	7,667,289.60
Cash and cash equivalents at end of period	2,209,639.93	4,311,872.52

(*) Includes share issue expenses: legal services, consulting services, and bank fees. Corresponding acquisition cost have been capitalized to other intangible assets in balance sheet.

P A R E N T C O M P A N Y N O T E S T O T H E F I N A N C I A L S T A T E M E N T S

Notes to the Preparation of the Financial Statements

Valuation principles and methods

Company’s intangible and tangible assets have been valued to the acquisition cost less planned, accumulated depreciation. The tangible assets that have an economic useful life of under three years or an acquisition cost less than 850 euros have been expensed during the financial year.

Trade receivables, loan receivables, other receivables, prepayments and accrued income booked as receivables have been valued to net value or a lower probable value.

Debts have been valued to net value or a higher value based on the comparison criterium.

Investments have been recognized to the acquisition cost or a lower probable value.

Depreciation principles and methods

Trademarks	5-year straight-line depreciation
Copyrights	3-year straight-line depreciation
Capital expenses from rented office spaces	5-year straight-line depreciation
IT softwares	3-year straight-line depreciation
Licenses	3-year straight-line depreciation
Merger loss	5-year straight-line depreciation
IPO related expenses	3-year straight-line depreciation
Share issue expenses	18 month straight-line depreciation
Machinery and equipment	Reducing balance method of 25% per year

Depreciations start when the asset is available for use.

Revenue recognition

Company generates revenue from three categories:

1. Games, in which services, virtual currencies and products are sold (IAP)
2. Advertising revenue
3. Other revenue

The company develops games for mobile devices, available to download for free but players can buy virtual items in the game with real currency. Next Games also receives revenue from ads placed in the game. Purchased virtual items can be divided in to durables and consumables. Durable items are deferred over the lifetime of a player, product, or group of products, whereas consumable items are recognized immediately as revenue.

Company defers revenue from the games based on an estimate on how the players use the services and virtual goods that they buy in the game. For the revenue recognition, the company calculates an estimated life-time for the players, individual products or product groups, and defers the payments received based on this estimate. The company’s current games, as well as any future games, are different. Using the same principle, the life-time of the products and players may differ between the games, hence the deferred revenue differs for each game. Advertising revenue is recognized when the advertisement has been shown. Revenue recognition from Co-development, that belongs into category Other revenue, is based on contracts and revenues related to them are recorded on an accrual basis.

The direct expenses (commissions and license fees directly relating to sales) have been deferred based on the same principles as the revenue. Revenue deferral is shown under Advances received, and the corresponding commission- and license-expenses are shown under Prepayments and accrued income.

Social influencer marketing costs are accrued and expensed over their expected useful lives. TV and radio marketing costs are expensed on an accrual basis.

Description of purchased services

Purchased services includes hosting costs, user acquisition costs, platform commissions, other outsourced services, and license fees.

Accounting for pensions

The company’s pension liabilities have been covered through a pension insurance company. All pension arrangements are defined contribution arrangements, and the related costs are entered in the income statement for the financial year in which they were incurred.

Recognition of deferred tax

Deferred taxes are calculated for temporary differences between tax bases and book values using the tax rate for future years that has been confirmed at the balance sheet date. Deferred tax assets are measured according to the conservatism principle.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

IPO expenses

Company has capitalized IPO related expenses to other intangible assets. Capitalized amount includes legal and consulting services, bank fees, and insurance expenses. Management has estimated that the IPO has had a positive effect on the company’s estimated future financial performance. Due to this IPO expenses have been capitalized and will be depreciated over the expected useful life.

External services

Company’s licensing contracts have several terms that can have an effect, depending on the game’s lifecycle, on the amount of licensing fees payable.

NOTES TO THE PROFIT AND LOSS STATEMENT

EUR	Parent 1.1.-12.31.2021	Parent 1.1.-12.31.2020
Revenue		
By category of activity		
Games	25,181,192.66	27,181,654.80
By geographical markets		
North America	13,706,430.59	13,223,828.43
EU	6,964,774.06	7,977,348.78
Finland	121,926.39	173,052.27
Other	4,388,061.62	5,807,425.32
Other operating income		
Grants received	788,317.65	673,099.32
Gain from disposals, other intangible and tangible assets	1,731.18	3,066.93
Other	36.25	24,110.07
Total	790,085.08	700,276.32

EUR	Parent 1.1.-12.31.2021	Parent 1.1.-12.31.2020
Other operating expenses		
Marketing expenses	344,294.13	137,418.20
Outsourced development and testing services	1,767,805.58	753,544.62
IT software and hardware expenses	1,559,809.05	1,720,990.81
Legal and consulting expenses	658,016.75	786,497.90
Travel expenses	38,688.43	25,756.23
Office space expenses	1,232,656.50	1,647,104.85
Other expenses	796,799.34	812,189.42
Total	6,398,069.78	5,883,502.03
Auditor's fees		
Audit of financial statements	67,500.00	87,991.71
Engagements referred to in the Auditing Act, 1.1,2 §	7,500.00	1,905.00
Tax consulting	30,450.00	7,691.00
Other fees	0.00	7,062.50
Total	105,450.00	104,650.21

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE PERSONNEL AND MEMBERS OF THE BOARD OF DIRECTORS

	Parent 1.1.-12.31.2021	Parent 1.1.-12.31.2020
Average headcount during the financial year	113	109
Wages, salaries and other remuneration of directors and management		
CEO	387,620.91	202,170.32
Members of the Board of Directors	121,500.00	144,000.00

MANAGEMENT OPTIONS

	Option rights 12.31.2021
Petri Niemi, Chairman of the Board	1,400
Teemu Huuhtanen, CEO	443,344
Saara Bergström, Management member	230,726
Annina Salvén, Management member	319,168
Ioannis Alexopoulos, Management member	136,495
Joonas Laakso, Management member	122,293
Juha Matikainen, Management member	74,599
Tero Teelahti, Management member	65,000
Total	1,393,025

More information on option programs are presented in the Board of Directors’ report.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

NOTES TO THE BALANCE SHEET ASSETS

EUR	Parent 12.31.2021	Parent 12.31.2020
Specification of the assets in the balance sheet		
Intangible rights		
Acquisition cost at 1.1.	4,064,572.26	3,657,107.26
Additions	2,124,132.28	407,465.00
Acquisition cost at 12.31.	6,188,704.54	4,064,572.26
Accumulated depreciation and impairment at 1.1.	2,792,135.28	1,698,038.45
Depreciation for the financial year	1,588,831.91	1,094,096.83
Impairment	775,352.01	0.00
Accumulated depreciation and impairment at 12.31.	5,156,319.20	2,792,135.28
Carrying amount at 12.31.	1,032,385.34	1,272,436.98
Other intangible assets		
Acquisition cost at 1.1.	7,275,052.78	7,275,052.78
Additions	0.00	0.00
Disposals	7,275,052.78	7,275,052.78
Accumulated depreciation and impairment at 1.1.	5,787,428.71	4,768,579.10
Depreciation for the financial year	687,434.48	1,018,849.61
Accumulated depreciation and impairment at 12.31.	6,474,863.19	5,787,428.71
Carrying amount at 12.31.	800,189.59	1,487,624.07
Machinery and equipment		
Acquisition cost at 1.1.	579,787.35	579,787.35
Additions	8,070.00	0.00
Acquisition cost at 12.31.	587,857.35	579,787.35

Accumulated depreciation and impairment at 1.1.	418,076.06	364,172.06
Depreciation for the financial year	42,443.00	53,904.00
Accumulated depreciation and impairment at 12.31.	460,519.06	418,076.06
Carrying amount at 12.31.	127,338.29	161,711.29
Holdings in group undertakings		
Acquisition cost at 1.1.	27,500.00	27,500.00
Acquisition cost at 12.31.	27,500.00	27,500.00
Accumulated impairment 1.1.	0.00	0.00
Accumulated impairment 12.31.	0.00	0.00
Carrying amount at 12.31.	27,500.00	27,500.00
Other shares and similar rights of ownership		
Acquisition cost at 1.1.	1,073,968.91	1,073,968.91
Acquisition cost at 12.31.	1,073,968.91	1,073,968.91
Accumulated impairment 1.1.	1,073,968.91	1,011,363.51
Impairment	0.00	62,605.40
Accumulated impairment 12.31.	1,073,968.91	1,073,968.91
Carrying amount at 12.31.	0.00	0.00

Armada Interactive Oy has filed a bankruptcy as of 22.9.2020. Company has recognized an impairment for its shareholding in Armada Interactive Oy during 2020.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

EUR	Parent 12.31.2021	Parent 12.31.2020
Ownership in other companies		
Group companies		
Next Games GmbH	100% ownership	
All group companies have been consolidated in to the parent company's consolidated financial statements.		
Associate companies		
Armada Interactive Oy (filed a bankruptcy as of 22.9.2020)	11.79% ownership	
Prepayments and accrued income		
Long-term		
Prepayments	0.00	340,924.00
Other	6,612.00	2,275.00
Short-term		
Grant Receivables	1,045,021.97	256,704.32
Prepayments and marketing expense accruals	279,248.64	1,697,380.56
Accrued cost of sales	268,654.26	326,977.80
Other	0.00	233.00
Total	1,599,536.87	2,624,494.68

Deferred taxes

Recognized deferred tax assets from the parent company's tax losses in the financial statements amounted to 2,849,791.40 euros. Recognition is based on management's assessment that the company is able to utilize the tax benefit generated by the tax losses. Tax losses from which deferred tax assets are recognized expire during years 2023–2031.

NOTES TO BALANCE SHEET EQUITY AND LIABILITIES

EUR	Parent 12.31.2021	Parent 12.31.2020
Equity		
Breakdown of equity		
Share capital 1.1.		
Share capital 12.31.	80,000.00	80,000.00
Total restricted equity 12.31.		
	80,000.00	80,000.00
Invested unrestricted equity 1.1.		
Share issue	61,428,663.05	61,409,603.21
Exercise of options	4,242,000.00	0.00
Invested unrestricted equity 12.31.	42,409.98	19,059.84
Retained earnings 1.1.		
Retained earnings 12.31.	65,713,073.03	61,428,663.05
Loss for the year		
	-53,928,849.17	-47,572,952.98
Unrestricted equity 12.31.		
Total equity 12.31.	-53,928,849.17	-47,572,952.98
Group liabilities		
Other liabilities		
	-9,864,877.80	-6,355,896.19
Accruals and deferred income		
Accrual for other direct cost of sales	1,919,346.06	7,499,813.88
Staff expenses	1,999,346.06	7,579,813.88
Other		
Total	5,268,450.41	3,374,692.62

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

COMMITMENTS AND CONTINGENT LIABILITIES

EUR	Parent 12.31.2021	Parent 12.31.2020
Lease agreement liabilities		
During next financial year	321,094.38	347,114.12
Later	243,842.98	353,951.77
Total	564,937.36	701,065.88
Deposits and commitments from office spaces		
Rental deposits from office spaces: 395,200 euros (other long-term receivables).		
During next financial year	1,418,944.92	1,390,471.56
Later	3,902,098.53	2,549,197.86
Total	5,321,043.45	3,939,669.42

Rent commitments excluding 24% VAT.

Investments in real estate

Company is liable to remeasure its VAT deductions from the real estate investment completed during the financial year 2018 if the taxable usage of the real estate decreases during the revision period. Total remeasurement liability is 238,644.25 euros and the final remeasurement year is 2027.

Other commitments

The company has outstanding license agreements which may trigger further off balance sheet commitments during the following years including minimum guarantees, minimum development budgets and marketing spend. These possible commitments are off-balance sheet items.

Checking account credit limit

Next Games has a credit limit of 900,000.00 euros, for which the company has given a 1,000,000.00 euros business mortgage. Credit limit in use as of 12.31.2021: 486,277.89 euros. The account limit and the related Finnvera’s 50% guarantee expire on July 15 2022.

CALCULATION OF DISTRIBUTABLE FUNDS

EUR	Parent 12.31.2021	Parent 12.31.2020
Distributable unrestricted equity	1,919,346.06	7,499,813.88
Invested unrestricted equity	65,713,073.03	61,428,663.05
Retained earnings (loss)	-53,928,849.17	-47,572,952.98
Profit (loss) for the financial year	-9,864,877.80	-6,355,896.19

Related Party Disclosures

Company have had transactions with the related parties during the financial year: 2,060,120.70 euros (2020: 2,356,930.24 euros). Transactions with the related parties includes licensing fees and purchased marketing services.

Control over the entity or significant influence over the entity’s financial and operating decision-making processes are requirements when deciding company’s related parties. During year 2019, company has traded with one of its related party: AMC, license holder for The Walking Dead.

In addition, the company has a loan receivable of 489,081.48 euros (as of 12.31.2021) (2020: 321,729.05) from the company CEO. 0.1 million loan repayment was made in February 2022. Contractual annual loan repayments begin at 1.12.2024. Loan’s annual interest is 12-month Euribor added with 1.6%. CEO’s shares of the Company have been received as securing collateral for the loan and at the end of reporting period the total value of the shares was 197,127.66 euros.

In addition, the company has a loan of 1,000,000.00 euros from a shareholder. Contractual annual loan repayments begin at 1.12.2023. The loan carries interest of 6%. No securing collateral has been given for the loan.

COVID-19 Pandemic

The effects of the COVID-19 pandemic have been minor on the company’s business operations. More information on the impact of the COVID-19 pandemic on the company’s operations is presented in the Board of Directors’ report.

SIGNATURES OF THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Helsinki, March 11 2022

Teemu Huuhtanen
CEO

Petri Niemi
Chairman of the Board

Nicholas Seibert
Board member

Peter Levin
Board member

Jari Ovaskainen
Board member

Elina Anckar
Board member

Riikka Tieaho
Board member

AUDITOR’S NOTE

A report on the audit performed has been issued today.

Helsinki, March 11 2022

Deloitte Oy
Audit Firm

Mikko Lahtinen
Authorized Public Accountant (KHT)

AUDITOR'S REPORT

To the Annual General Meeting of Next Games Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Next Games Oyj (business identity code 2536072-3) for the year ended December 31 2021. The financial statements comprise the consolidated statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's income statement, balance sheet, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the

laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

AUDITOR'S REPORT
CONTINUED

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, March 11 2022

Deloitte Oy

Audit Firm

Mikko Lahtinen

Authorized Public Accountant (KHT)

ANNEX B – ARTICLES OF ASSOCIATION OF NEXT GAMES

1 § Trade name of the company

The trade name of the company is Next Games Oyj.

The parallel trade name of the company in English is Next Games Corporation.

2 § Domicile of the company

The domicile of the company is Helsinki.

3 § Business of the company

The line of business of the company is design and production, publishing, funding and consultation and maintenance of software. The company can also own and hold shares and other securities and enter into transactions in relation thereto.

4 § The Board of Directors

The company has a Board of Directors, consisting of at least four and a maximum of six ordinary members. Further, one to six deputy members may be elected.

The term of office the members and deputy members of the Board of Directors expires at the end of the next annual general meeting following the election.

5 § Managing Director

The company has a Managing Director elected by the Board of Directors.

6 § Representation of the company

In addition to the Board of Directors, the company is represented by the chairman of the Board of Directors and the Managing Director, each alone. In addition, the Board of Directors may grant a procuration right to, or authorize a named person to represent the company.

7 § Auditor

The company has one ordinary auditor, which shall be an audit firm registered with the Auditor Register maintained by the Finnish Patent and Registration Office, and the responsible auditor of which shall be an Authorized Public Accountant. The term of office of the auditor expires at the end of the next annual general meeting following the election.

8 § General meetings

The annual general meeting is held annually on a date decided by the Board of Directors within six months from the expiry of the financial period.

An extraordinary general meeting shall be held when deemed necessary by the Board of Directors, or when requested in writing by the auditor or by shareholders representing at least one-tenth of all issued and outstanding shares for purposes of dealing with a specific matter.

9 § Notice of meeting

The notice to the general meeting shall be published on the company's website no earlier than three (3) months and no later than three (3) weeks before prior to the meeting, however always at least nine (9) days prior to the record date of the general meeting. In addition, a shareholder wishing to addend the meeting shall register in advance in the manner and no later than on the date set out in the notice, which date may not be earlier than ten (10) days prior to the meeting

10 § Annual general meeting

At the annual general meeting, the following matters shall be

presented

1. the annual accounts, including profit and loss account, balance sheet and the report of the Board of Directors,

2. the auditors' report;

decided

1. adoption of the annual accounts,

2. treatment of the profit or loss shown on the adopted balance sheet, and the distribution of dividends,

3. discharge from liability of the members of the Board of Directors and the Managing Director,

4. the number of members in the Board of Directors and the remuneration of the members of the Board of Directors and the auditor.

elected

1. the members of the Board of Directors and possible deputy members as well as

2. the auditor,

handled

1. other matters included in the notice to the meeting.

11 § Financial period

The financial period of the company is the calendar year.

12 § Book-entry system

The shares of the company belong to the book-entry system.

ANNEX C – STATEMENT BY THE BOARD OF DIRECTORS OF NEXT GAMES

STATEMENT OF THE BOARD OF DIRECTORS OF NEXT GAMES CORPORATION REGARDING THE RECOMMENDED VOLUNTARY PUBLIC CASH TENDER OFFER BY NETFLIX, INC.

Next Games Corporation Company Release March 11, 2022 at 6:30 p.m. (EET)

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND OR SOUTH AFRICA OR IN ANY OTHER JURISDICTION IN WHICH THE TENDER OFFER WOULD BE PROHIBITED BY APPLICABLE LAW

On March 2, 2022 Netflix, Inc. ("**Netflix**" or the "**Offeror**") and Next Games Corporation ("**Next Games**" or the "**Company**") announced that they have entered into a combination agreement (the "**Combination Agreement**") pursuant to which the Offeror undertook to make a voluntary recommended public cash tender offer for all issued and outstanding shares (the "**Shares**") and stock options (the "**Stock Options**") in the Company that are not held by the Company or its subsidiary (the "**Tender Offer**").

The Board of Directors of the Company (the "**Board of Directors**"), represented by a quorum comprising the non-conflicted members of the Board of Directors, has pursuant to what is provided herein unanimously decided to recommend that the shareholders and holders of the Stock Options of the Company accept the Tender Offer and has decided to issue the statement below regarding the Tender Offer in accordance with Chapter 11, Section 13 of the Finnish Securities Markets Act (756/2012, as amended).

THE TENDER OFFER IN BRIEF

Netflix is a corporation incorporated under the laws of Delaware. Netflix and Next Games have on March 2, 2022 entered into a Combination Agreement setting out, among other things, the main terms and conditions pursuant to which the Tender Offer will be made by the Offeror.

The Tender Offer will be made in accordance with the terms and conditions of the tender offer document expected to be published by the Offeror on or about March 14, 2022 (the "**Tender Offer Document**").

The Offeror and Next Games have undertaken to comply with the Helsinki Takeover Code issued by the Finnish Securities Market Association (the "**Helsinki Takeover Code**") and the Finnish Securities Markets Act (746/2012, as amended) and any related rules and provisions thereof, as applicable.

The share offer price is EUR 2.10 in cash for each Share validly tendered in the Tender Offer (the "**Share Offer Price**").

The price offered for each Stock Option validly tendered is EUR 5.74 in cash for each outstanding Stock Option 2015 I (the "**Stock Option 2015 I Offer Price**"), EUR 3.30 in cash for each outstanding Stock Option 2015 II (the "**Stock Option 2015 II Offer Price**"), EUR 0.01 in cash for each outstanding Stock Option 2017 I (the "**Stock Option 2017 I Offer Price**"), EUR 0.96 in cash for each outstanding Stock Option 2017 II (the "**Stock Option 2017 II Offer Price**"), EUR 0.96 in cash for each outstanding Stock Option 2018 II (the "**Stock Option 2018 II Offer Price**"), EUR 0.72 in cash for each outstanding Stock Option 2019 I (the "**Stock Option 2019 I Offer Price**"), EUR 1.25 in cash for each outstanding Stock Option 2019 II (the "**Stock Option 2019 II Offer Price**"), EUR 1.14 in cash for each outstanding Stock Option 2020 I (the "**Stock Option 2020 I Offer Price**"), EUR 0.01 in cash for each outstanding Stock Option 2020 II (the "**Stock Option 2020 II Offer Price**"), EUR 0.50 in cash for each outstanding Stock Option 2020 III (the "**Stock Option 2020 III Offer Price**") and EUR 0.79 in cash for each outstanding Stock Option 2020 IV (the "**Stock Option 2020 IV Offer Price**" and, together with the

Stock Option 2015 I Offer Price, Stock Option 2015 II Offer Price, Stock Option 2017 I Offer Price, Stock Option 2017 II Offer Price, Stock Option 2018 II Offer Price, Stock Option 2019 I Offer Price, Stock Option 2019 II Offer Price, Stock Option 2020 I Offer Price, Stock Option 2020 II Offer Price, Stock Option 2020 III Offer Price and Stock Option 2020 IV Offer Price, the "**Stock Option Offer Price**").

The Share Offer Price represents a premium of approximately:

- 125.6 percent compared to EUR 0.93, *i.e.* the closing price of the Next Games Share on First North Growth Market Finland maintained by Nasdaq Helsinki Ltd ("**First North**") on March 1, 2022, the last trading day immediately preceding the announcement of the Tender Offer;
- 69.6 percent compared to EUR 1.24, *i.e.* the six-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the announcement of the Tender Offer; and
- 38.8 percent compared to EUR 1.51, *i.e.* the twelve-month volume-weighted average trading price of the Next Games Share on First North immediately preceding the announcement of the Tender Offer.

The Share Offer Price has been determined based on 30,050,385 Shares and the Stock Option Offer Price has been determined based on 2,567,141 Stock Options. Should the number of Shares issued and outstanding in Next Games increase on or after the date hereof as a result of a new share issue, issue of stock options, reclassification, stock split (including a reverse split) or any other measure with such dilutive effect, or should Next Games distribute a dividend or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing shall occur prior to the consummation of the Tender Offer, the Share Offer Price and the Stock Option Offer Price will be reduced accordingly on a euro-for-euro basis.

Certain major shareholders of Next Games, *i.e.* Jari Ovaskainen and AMC Networks Ventures LLC, together representing in aggregate approximately 43.3 percent of the Shares and votes in Next Games, have irrevocably undertaken to tender into the Tender Offer, subject to certain customary conditions.

The completion of the Tender Offer is subject to the satisfaction or waiver by the Offeror of certain customary conditions on or prior to the Offeror's announcement of the final result of the Tender Offer and the Offeror having gained control of more than ninety percent (90 %) of the Shares and votes in Next Games on a fully diluted basis.

If the Offeror is able to obtain more than ninety percent (90 %) of the Shares and votes in the Company, on a fully diluted basis, the Offeror will commence as soon as reasonably practicable compulsory redemption proceedings in accordance with Chapter 18 of the Finnish Companies Act (624/2006, as amended) to redeem the remaining Shares in the Company, and thereafter cause the Company's Shares to be delisted from First North as soon as permitted and practicable under applicable laws and regulations.

The detailed terms and conditions of the Tender Offer as well as further information on the Tender Offer will be included in the Tender Offer Document.

The funds immediately available to the Offeror suffice for completing the Tender Offer and for financing the potential compulsory redemption proceedings in accordance with the Finnish Companies Act. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing.

The offer period under the Tender Offer is expected to commence on or about March 14, 2022, and to expire on or about April 8, 2022, unless the Offeror extends the offer period to satisfy the conditions

to completion of the Tender Offer. The Tender Offer is currently expected to be completed during the second quarter of 2022.

BACKGROUND FOR THE STATEMENT

The Board of Directors has prepared a public statement regarding the Tender Offer in accordance with the Finnish Securities Markets Act. Pursuant to the Finnish Securities Markets Act, the statement must include a well-founded assessment of the Tender Offer from the perspective of Next Games, its shareholders and holders of the Stock Options as well as of the strategic plans presented by the Offeror in the Tender Offer Document and their likely effects on the operations of, and employment at, Next Games.

For the purposes of issuing this statement, the Offeror has submitted to the Board of Directors a draft version of the Finnish language Tender Offer Document on March 9, 2022 (the “**Draft Tender Offer Document**”).

In preparing its statement, the Board of Directors has relied on information provided in the Draft Tender Offer Document by the Offeror and certain other information provided by the Offeror and has not independently verified this information.

ASSESSMENT REGARDING STRATEGIC PLANS PRESENTED BY THE OFFEROR IN THE DRAFT TENDER OFFER DOCUMENT AND THEIR LIKELY EFFECTS ON THE OPERATIONS OF, AND EMPLOYMENT AT NEXT GAMES

Information given by the Offeror

The Board of Directors has assessed the Offeror’s strategic plans based on the statement made in the Offeror’s announcement regarding the Tender Offer published on March 2, 2022, and the Draft Tender Offer Document.

According to the information provided in the Draft Tender Offer Document and the Offeror’s announcement on the Tender Offer, the Tender Offer will enable Next Games to join Netflix as a core studio in a strategic region and key talent market, furthering the two companies’ shared vision and passion for games. Next Games will expand Netflix’s game studio capabilities to enhance development of a portfolio of world-class games for members to enjoy around the world. As part of Netflix, Next Games will be able to utilize Netflix’s global infrastructure and gain access to new customers in additional geographies. Netflix intends to invest time, resources, and capital to support Next Games in continuing to build out its creative and operational capabilities. Netflix will also enable Next Games to improve upon its core strengths of developing entertainment franchise-based mobile games and live services, as well as invest in new business opportunities.

The Offeror has informed in the Draft Tender Offer Document and the Offeror’s announcement on the Tender Offer that the Tender Offer is not expected to have any immediate material effects on the operations or the position of the management or employees of Next Games.

Board assessment

The Board of Directors considers that the information on the strategic plans of the Offeror concerning the Company is given on a fairly general level. Based on the Offeror’s statements, the Board of Directors believes that the Company can benefit from the Offeror’s global infrastructure and will be able to gain access to new customers in additional geographies.

The Board of Directors considers that the Offeror’s intention to invest time, resources, and capital to support the Company in continuing to build out the Company’s creative and operational capabilities will benefit the activities of the Company in the future. The Board of Directors shares the Offeror’s

view that the Netflix will also enable Next Games to improve upon its core strengths of developing entertainment franchise-based mobile games and live services, as well as invest in new business opportunities. The Board of Directors also believes that Next Games as a part of Netflix could be better positioned to attract new employees.

The Board of Directors considers that the completion of the Tender Offer will not have any immediate material effects on the operations or the position of the management or employees of Next Games apart of the composition of the Board of Directors of Next Games, which the Offeror intends to change after the completion of the Tender Offer.

The Board of Directors considers that, in addition to the Share Offer Price and the Stock Option Offer Price, the credibility of the Offeror as an owner as well as the support by major shareholders for the Tender Offer, support Offeror's ability to reach more than ninety percent (90 %) ownership of the voting rights carried by the Shares.

ASSESSMENT OF THE TENDER OFFER FROM THE PERSPECTIVE OF THE COMPANY AND ITS SHAREHOLDERS

When evaluating the Tender Offer, analysing alternative opportunities available to the Company and concluding on its statement, the Company has considered several factors, including, but not limited to, the Company's recent financial performance, current position and future prospects, the historical performance of the trading price of the Company's share and the conditions for the Company and the Offeror to complete the Tender Offer.

The Board of Directors' assessment of continuing the business operations of the Company as an independent company has been based on reasonable future-oriented estimates, which include various uncertainties, whereas the Share Offer Price and the premium included therein and the Stock Option Offer Price are not subject to any uncertainty other than the fulfilment of the conditions to completion of the Tender Offer.

In order to support its assessment of the Tender Offer, the Board of Directors has received a fairness opinion, dated March 2, 2022, concerning the Share Offer Price and the Stock Option Offer Price (the "**Fairness Opinion**") from the Company's financial advisor, Alexander Corporate Finance Ltd ("**ACF**"). The Fairness Opinion is attached as Appendix 1 to this statement.

The Board of Directors believes that the consideration offered by the Offeror to the shareholders is fair to the shareholders based on its assessment of the matters and factors, which the Board of Directors has concluded to be material in evaluating the Tender Offer. These matters and factors include, but are not limited to:

- the information and assumptions on the business operations and financial condition of the Company as at the date of this statement and their expected future development;
- the Share Offer Price and the Stock Option Offer Price and the premium offered for the Shares and Stock Options;
- the historical trading price of the Shares;
- transaction certainty, and that the conditions of the Tender Offer are reasonable;
- valuations and analysis made and commissioned by the Board of Directors as well as discussions with external financial advisors;
- valuation multiples of the Shares compared to the industry multiples before the announcement of the Tender Offer;
- the ability to respond to possible third-party proposals if necessary to comply with the Board of Directors' fiduciary duties;
- other terms of the Tender Offer;
- the undertakings by certain shareholders of the Company to accept the Tender Offer as referred to above; and
- the Fairness Opinion issued by ACF.

Based on overall assessment and taking into account the factors described above, the Board of Directors has concluded that the Tender Offer is a favourable alternative for the shareholders and holders of the Stock Options.

RECOMMENDATION OF THE NEXT GAMES BOARD OF DIRECTORS

The Board of Directors has carefully assessed the Tender Offer and its terms and conditions based on the Draft Tender Offer Document, the Fairness Opinion, and other available information.

Based on the evaluations and facts given above, the Board of Directors considers that the Tender Offer and the amount of the Share Offer Price and the Stock Option Offer Price are, under the prevailing circumstances, fair from the perspective of the Company's shareholders and holders of the Stock Options.

Based on the foregoing, the Board of Directors of Next Games, represented by a quorum comprising the non-conflicted members of the Board of Directors, has unanimously decided to recommend that the shareholders and holders of the Stock Options of Next Games accept the Tender Offer.

Four out of six members of the Board of Directors have participated in the decision-making concerning this statement. Jari Ovaskainen and Nicholas Seibert, who are both members of the Board of Directors, did not participate in the decision-making. Jari Ovaskainen has given an irrevocable undertaking, subject to certain customary conditions, to accept the Tender Offer. AMC Network Ventures LLC, which has given an irrevocable undertaking, subject to certain customary conditions, to accept the Tender Offer, is a company represented by Nicholas Seibert. For these reasons, Jari Ovaskainen and Nicholas Seibert have refrained from decision-making in the manner referred to in the Helsinki Takeover Code.

CERTAIN OTHER MATTERS

The Board of Directors notes that the transaction may, as is common in similar arrangements, involve unforeseeable risks.

The Board of Directors notes that the shareholders and holders of the Stock Options of Next Games should also take into account the potential risks related to non-acceptance of the Tender Offer. If the acceptance condition of more than ninety percent (90 %) of the Shares and votes is waived, the completion of the Tender Offer would reduce the number of the Company's shareholders and the number of Shares, which would otherwise be traded on First North. Depending on the number of Shares validly tendered in the Tender Offer, this could have an adverse effect on the liquidity and value of the shares in the Company. Furthermore, pursuant to the Finnish Companies Act, a shareholder that holds more than half (1/2) of the shares and voting rights carried by the shares present in a company's general meeting has sufficient voting rights to decide on the appointment of board members and distribution of dividends, and a shareholder that holds more than two-thirds (2/3) of the shares and voting rights carried by the shares in a company has sufficient voting rights to decide upon certain corporate transactions, including, but not limited to, a merger of the company into another company, an amendment of the articles of association of the company and an issue of shares in the company in deviation from the shareholders' pre-emptive subscription rights.

Pursuant to Chapter 18 of the Finnish Companies Act, a shareholder that holds more than ninety percent (90 %) of all shares and votes in a company shall have the right to acquire and, subject to a demand by other shareholders, also be obligated to redeem the shares owned by the other shareholders. In such case, the Shares held by the Company's shareholders, who have not accepted the Tender Offer, may be redeemed through redemption proceedings under the Finnish Companies Act in accordance with the conditions set out therein.

This statement of the Board of Directors of Next Games does not constitute investment or tax advice, and Next Games does not specifically evaluate herein the general price development or the risks relating to the Shares or Stock Options in general. Shareholders and holders of the Stock Options must independently decide whether to accept the Tender Offer, and they should take into account all the relevant information available to them, including information presented in the Tender Offer Document and this statement as well as any other factors affecting the value of the Shares or the Stock Options.

Next Games has appointed LionTree Advisors LLC and ACF as financial advisers and Castrén & Snellman Attorneys Ltd as legal adviser in connection with the Tender Offer.

The Board of Directors of Next Games

Appendix 1: Fairness Opinion

ADDITIONAL INFORMATION:

Next Games

Saara Bergström, Chief Communications Officer
+358 (0) 40 588 3167 Media: press@nextgames.com
Investor relations: investors@nextgames.com

Certified Adviser: Alexander Corporate Finance Oy, tel. +358 (0) 50 520 4098

IMPORTANT INFORMATION

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THIS COMPANY RELEASE HAS BEEN PREPARED IN COMPLIANCE WITH FINNISH LAW, THE RULES OF FIRST NORTH AND THE HELSINKI TAKEOVER CODE AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD HAVE BEEN DISCLOSED IF THIS ANNOUNCEMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF JURISDICTIONS OUTSIDE OF FINLAND.

Information for shareholders and holders of the Stock Options in the United States

Shareholders and holders of the Stock Options in the United States are advised that the Shares are not listed on a U.S. securities exchange and that Next Games is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the “**SEC**”) thereunder.

The Tender Offer will be made for the issued and outstanding shares and stock options of Next Games, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, subject to the exemption provided by Rule 14d-1(d) (“**Tier II Exemption**”) under the Exchange Act, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer settlement procedures, withdrawal and timing of payments, which are different from those of the United States. In particular, the financial information included in this announcement has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is made to the shareholders and holders of the Stock Options resident in the United States on the same terms and conditions as those made to all other shareholders and holders of the Stock Options to whom an offer is made. Any informational documents, including this announcement, are being disseminated to U.S. shareholders and holders of the Stock Options on a basis comparable to the method that such documents are provided to other shareholders or holders of the Stock Options.

The Offeror, its affiliates and affiliates of its financial adviser may purchase or arrange to purchase securities of Next Games in compliance with Finnish law if certain conditions are satisfied. These restrictions include the following, among others: (i) such purchases cannot occur in the U.S., (ii) to the extent information about such purchases or arrangements to purchase is made public in Finland, such information must be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of Next Games and holders of the Stock Options of such information, and (iii) the consideration in the Tender Offer must be increased to match any consideration paid outside of the Tender Offer.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in relation to the Tender Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. shareholder or holder of Stock Options may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder or holder of Stock Options is urged to consult its independent professional advisers immediately regarding the tax consequences of accepting the Tender Offer.

It may be difficult for shareholders or holders of the Stock Options to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since Next Games is located in a non-U.S. jurisdiction and some or all of its respective officers and directors may be residents of non-U.S. jurisdictions. Shareholders or holders of the Stock Options may not be able to sue Next Games or its respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel Next Games and its respective affiliates to subject themselves to a U.S. court’s judgment.

Disclaimer

LionTree Advisors LLC is acting exclusively for the Company and no one else in relation to the Tender Offer or the matters referred to in this document, will not regard any other person (whether or not a recipient of this document) than the Company as its client in relation to the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this document.

Alexander Corporate Finance Ltd is acting exclusively for the Company and no one else in relation to the Tender Offer or the matters referred to in this document, will not regard any other person (whether or not a

recipient of this document) than the Company as its client in relation to the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the Tender Offer or any other transaction or arrangement referred to in this document.

About Next Games

Next Games is the first publicly listed mobile game developer and publisher in Finland, specializing in games based on entertainment franchises, such as movies, TV series or books. The developers of the critically acclaimed The Walking Dead games redefine the way franchise entertainment transforms into highly engaging service-based mobile games. Next Games works on multiple new games based on beloved global IPs. The Company's latest game, Stranger Things: Puzzle Tales, is based on Netflix's hit 80s horror drama series.

Strictly confidential

The Board of Directors of Next Games Corporation
Aleksanterinkatu 9 A
00100 Helsinki
Finland

Helsinki, March 2, 2022

The Board of Directors (the “**Board**”) of Next Games Corporation (“**Next Games**”) is evaluating the voluntary public tender offer for Next Games (the “**Offer**”) made by Netflix, Inc. (the “**Offeror**”). Pursuant to the terms of the Offer the shareholders will be offered a cash payment of EUR 2.10 per Next Games share and the option holders a cash payment of EUR 5.74 in cash for each outstanding Stock Option 2015 I, EUR 3.30 in cash for each outstanding Stock Option 2015 II, EUR 0.01 in cash for each outstanding Stock Option 2017 I, EUR 0.96 in cash for each outstanding Stock Option 2017 II, EUR 0.96 in cash for each outstanding Stock Option 2018 II, EUR 0.72 in cash for each outstanding Stock Option 2019 I, EUR 1.25 in cash for each outstanding Stock Option 2019 II, EUR 1.14 in cash for each outstanding Stock Option 2020 I, EUR 0.01 in cash for each outstanding Stock Option 2020 II, EUR 0.50 in cash for each outstanding Stock Option 2020 III and EUR 0.79 in cash for each outstanding Stock Option 2020 IV.

In connection with the Offer, The Board has requested Alexander Corporate Finance Oy (“**ACF**”) to provide an opinion as to the fairness, from a financial point of view, of the consideration offered to be received by the shareholders and option holders of Next Games.

In determining its opinion, ACF has used customary valuation methodologies as deemed necessary or appropriate for the purposes of this opinion. Moreover, in connection with the presentation of this opinion, ACF has, among other things:

- (i) reviewed certain publicly available historical business and financial information relating to Next Games, including annual and half-year reports;
- (ii) reviewed certain financial forecasts and other information and data relating to the business and financial prospects of Next Games, including estimates and financial projections prepared by the management of Next Games, which were provided to or discussed with ACF by the management of Next Games and that Next Games has instructed ACF to use for the purposes of its analyses;
- (iii) held discussions with, and relied on statements made by certain members of the management of Next Games concerning the business, operations, financial position and prospects of Next Games;
- (iv) reviewed current and historic share prices for Next Games and publicly available financial and stock market information with respect to certain other companies in lines of business ACF believes to be generally comparable to those of Next Games; and
- (v) conducted such other analyses and studies, and considered such other information, as ACF has deemed necessary or appropriate as a basis for this opinion.

ACF has relied, without independent verification, upon the accuracy and completeness of all information and data publicly available or provided to ACF by or on behalf of the Next Games, or otherwise reviewed by ACF for the purposes of this opinion and upon the assumption that no information of material importance to the evaluation Next Games’ future earnings capacity or for ACF’s assessment in general has been omitted, and ACF has not assumed and does not assume any responsibility or liability for any such information.

With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with ACF by the management of Next Games, ACF has assumed that they have been reasonably

prepared on the bases reflecting the best currently available estimates and judgements of the management of Next Games as to the future financial and other performance of Next Games.

ACF has not conducted any due diligence in order to verify the accuracy of the received or reviewed information and has not made any independent evaluation or assessment of the assets and liabilities of Next Games. ACF is not expressing any opinion with respect to accounting, tax, regulatory, legal, regulatory or similar matters and it has relied upon the assessments of representatives of Next Games as to such matters.

This opinion does not address any terms (other than the consideration to be received by the shareholders and option holders of Next Games to the extent expressly specified herein) or other aspects or implications of the Offer, including, without limitation, the form or structure of the Offer. Further, this opinion does not assess the relative merits of the Offer as compared to any alternative business strategies that might exist for Next Games, including whether any other transaction would potentially be more favorable for the shareholders and option holders of Next Games. This opinion does not include any assessment as to the actual value of the prices at which Next Games' shares or any other securities will trade or otherwise will be transferable at any time, including following announcement or consummation of the Offer.

This opinion is based on current market conditions, economic, financial and other circumstances as in effect on, and the information obtained by or provided to ACF up to and including the date of this opinion. Any events or circumstance occurring or becoming known after the date of this opinion may render this opinion obsolete. Although subsequent developments may affect this opinion, ACF assumes no obligation to update, revise or reaffirm this opinion.

Based on and subject to the foregoing, it is ACF's opinion, as of the date hereof, that the consideration to be received by the shareholders and option holders of Next Games in connection with the Offer is fair, from a financial point of view.

ACF will receive a fixed fee for this opinion, irrespective of the outcome of the Offer. In addition, ACF has acted as financial advisor to Next Games in connection with the Offer and receives a fee for its services. ACF is also the Certified Adviser of Next Games.

ACF has in the past provided and may in the future provide investment banking services unrelated to the Offer to Next Games, the Offeror and/or their respective affiliates, for which services ACF may receive customary compensation.

This letter and the opinion are provided solely for the benefit of the Board in connection with and for the purposes of its evaluation of the Offer, and does not constitute a recommendation to Next Games' shareholders or option holders as to whether or not they should accept the Offer or how they should act on any matters relating to the Offer or otherwise. This letter may not be used for any other purpose or reproduced, published or quoted at any time without the prior written consent of ACF, except that a copy of this letter may be included in its entirety in any announcement the Board may make in connection with the Offer.

This letter and the opinion are made without legal liability or responsibility on ACF's part.

This letter has been issued in English only. Any dispute arising out of, or relating to, this letter shall be governed by the laws of Finland and shall be subject to the exclusive jurisdiction of the Finnish courts.

Yours faithfully,

Alexander Corporate Finance Oy