



Investor Presentation

September 2019

Agenda

1. Next Games in Brief
2. Market Backdrop
3. Roadmap and Strategy
4. Financial Overview
5. Summary

Appendix





1. Next Games in Brief

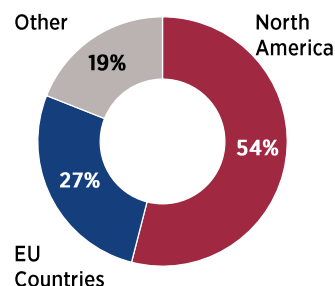
Next Games – leading mobile game publisher and developer

Leading Finnish mobile games company

Key figures

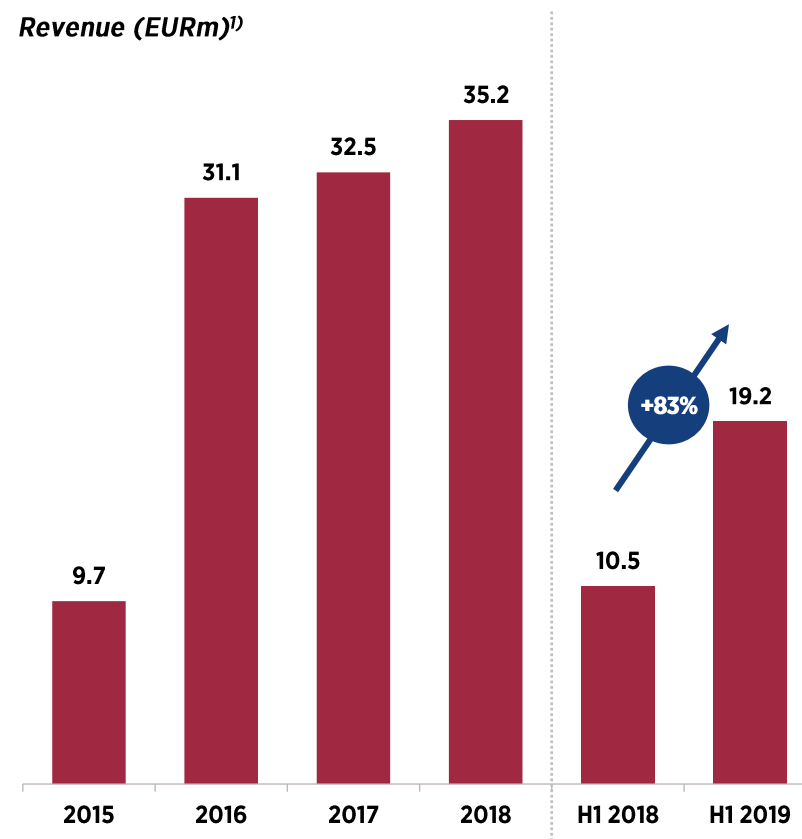
350k (+14%)	DAU (Q2 2019) YoY growth (Q2'19 vs. Q2'18)
EUR 0.28 (+40%)	ARPPDAU (Q2 2019) YoY growth (Q2'19 vs. Q2'18)
108	# employees

Gross bookings split (2018)

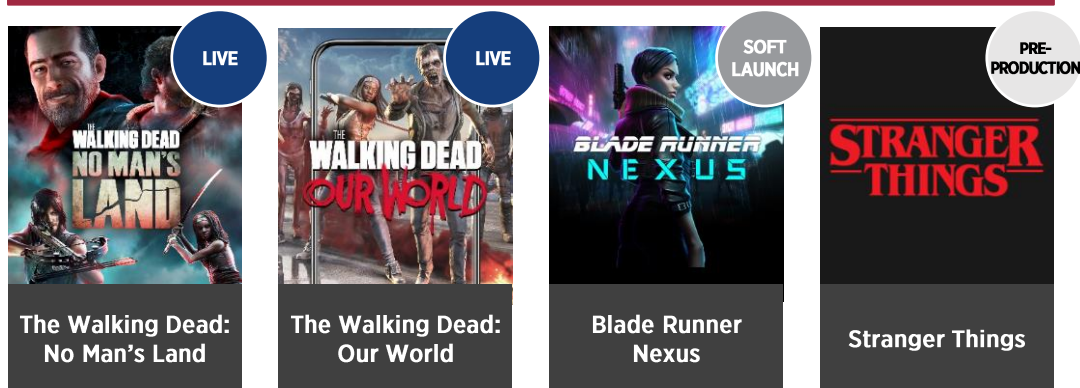


Growing revenue

Revenue (EURm)¹⁾

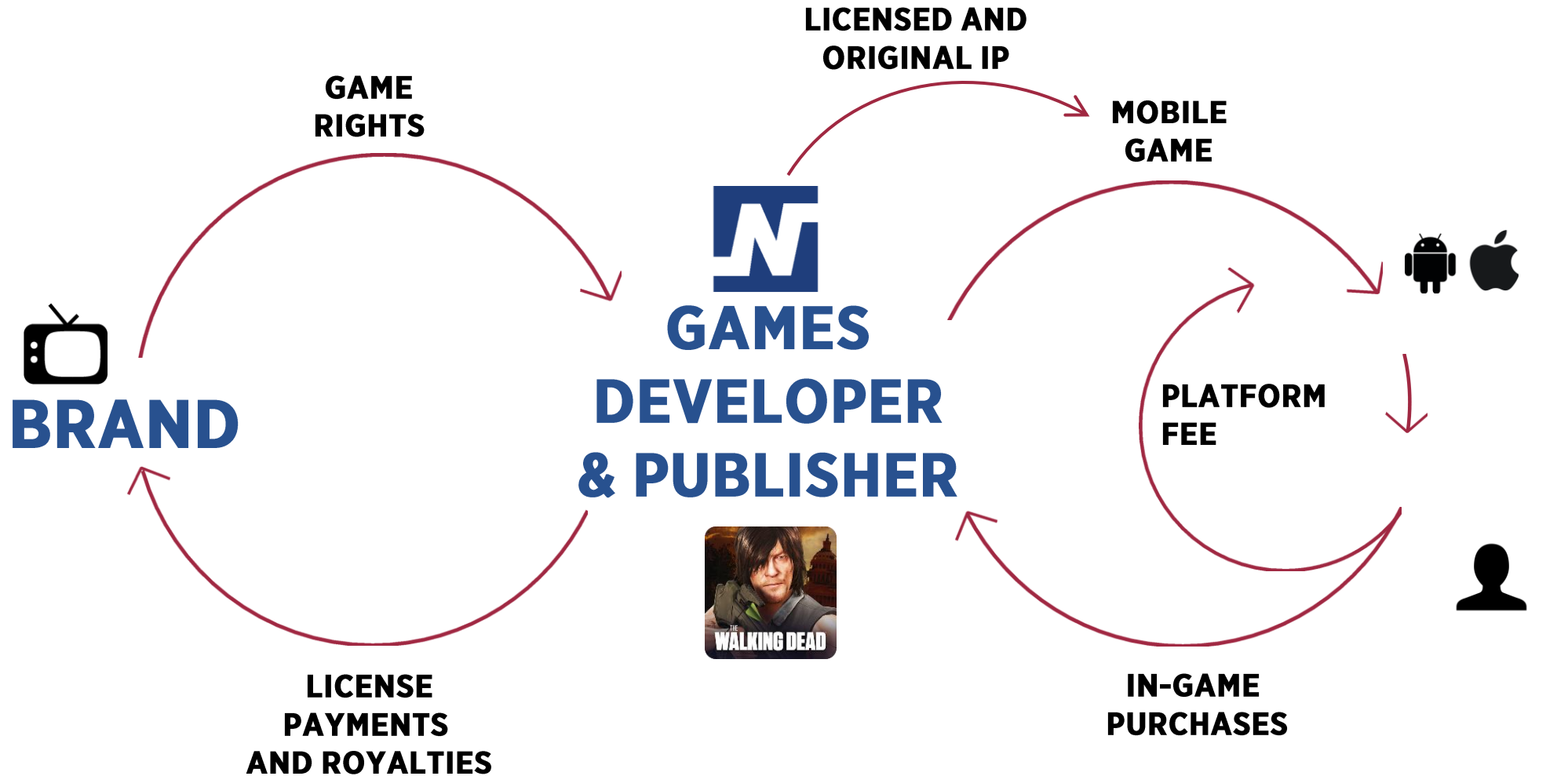


Portfolio of strong titles



1) 2015 FAS figure, 2016-2018 IFRS figures

Next Games' business model





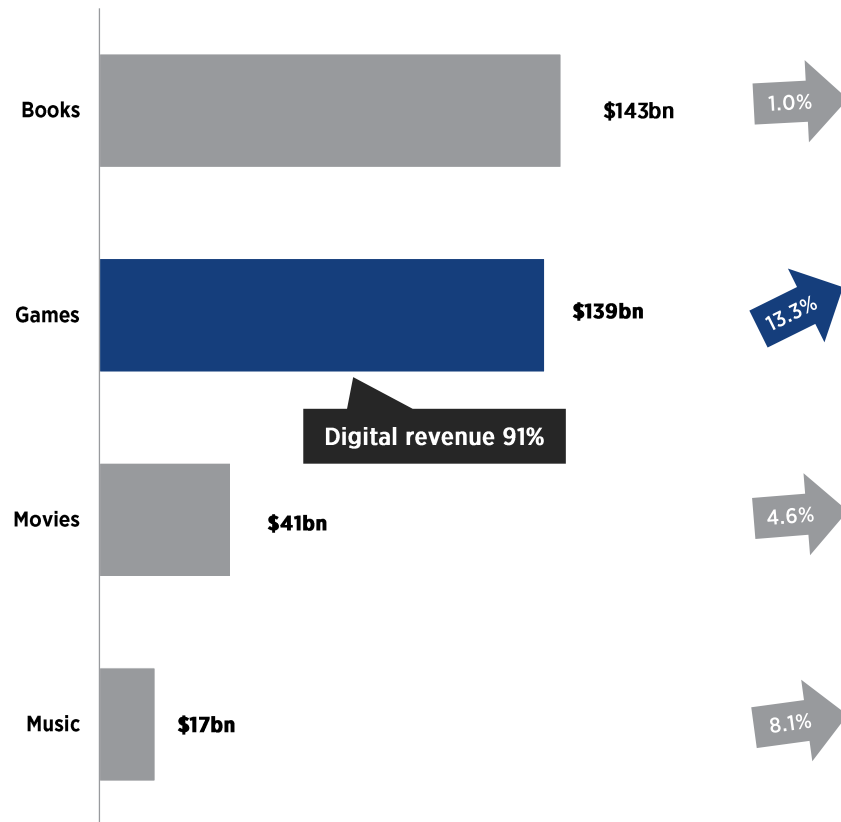
2. Market Backdrop

Gaming is a fast-growing global industry and entertainment is increasingly consumed through mobile

Mobile gaming is a large and fast growing global market

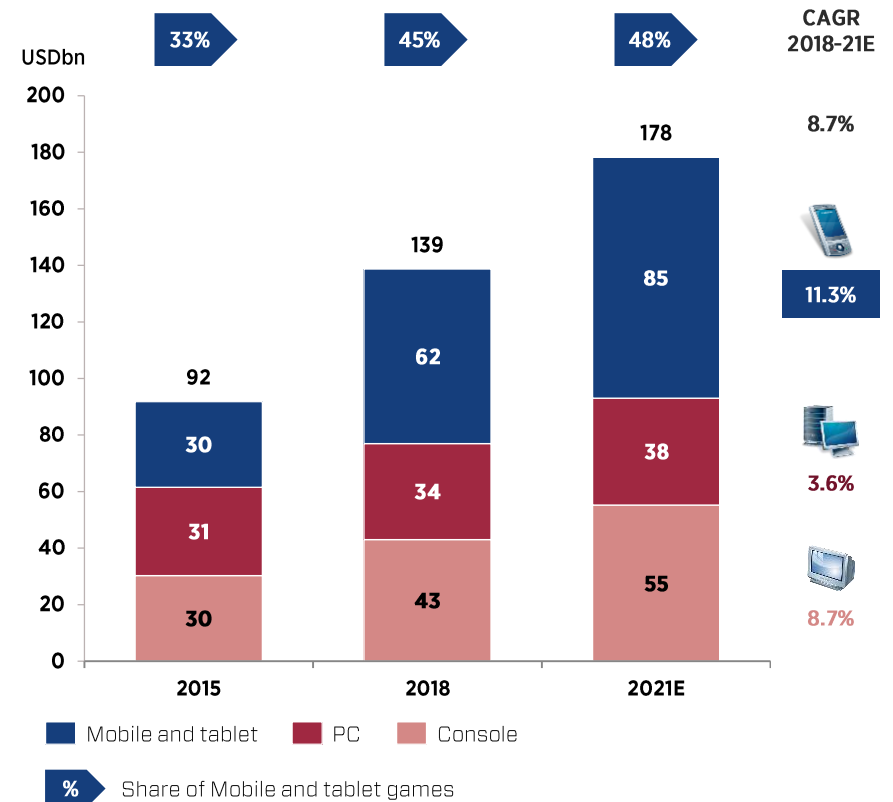
Global entertainment market sizes¹⁾

Growth



Strong growth expected to continue

Global consumer spend on games, 2015-2021E



1) 2017 market size and 2016-2017 growth y.o.y. for Books, Movies and Music, 2018 market size and 2017-2018 growth y.o.y. for Games.
Source: Newzoo, Neogames

Leading global IP holders are investing into gaming to expand and strengthen their existing franchises

	Disney	WB	FOX	UNIVERSAL	NETFLIX	LIONSGATE	AMC	MGM
Key IP	<ul style="list-style-type: none"> Star Wars Marvel Frozen Magic Kingdoms 	<ul style="list-style-type: none"> Batman Mortal Kombat Lord of the Rings 	<ul style="list-style-type: none"> Simpsons Family Guy Avatar Predators X-Files 	<ul style="list-style-type: none"> Despicable Me Fast & Furious Jurassic World 	<ul style="list-style-type: none"> Stranger Things The Dark Crystal 	<ul style="list-style-type: none"> The Expendables John Wick 	<ul style="list-style-type: none"> The Walking Dead 	<ul style="list-style-type: none"> James Bond The Hobbit
Game launches								
Strategic investments and partnerships with gaming companies								
Active in-house game production	x	✓	✓	x	x	x	x	x

”

"Over the years we've tried our hand in self-publishing, we've bought companies, we've sold companies, we've bought developers, we've closed developers. And we've found over the years that **we haven't been particularly good at the self-publishing side, but we've been great at the licensing side** which obviously doesn't require that much allocation of capital"

- Bob Iger, CEO of Disney (2019)

”

"We do believe it's a great time to be in games. Platforms, the connected console, the digital engagement, the ability to see more and more hours played in our games, the ability to keep providing content to fans who want to keep playing and engaging – for us, as an entertainment studio, it's very attractive. It has high growth, high engagement. **We can reach gamers in a more direct way** than ever on mobile and on console."

- David Haddad, President of Warner Bros IE (2017)



Source: Company materials

Licensed games benefit from underlying IP popularity

Licensed games benefit from the brand awareness and engaged fan base



Higher lifetime value as loyal and highly-engaged fans increase retention numbers

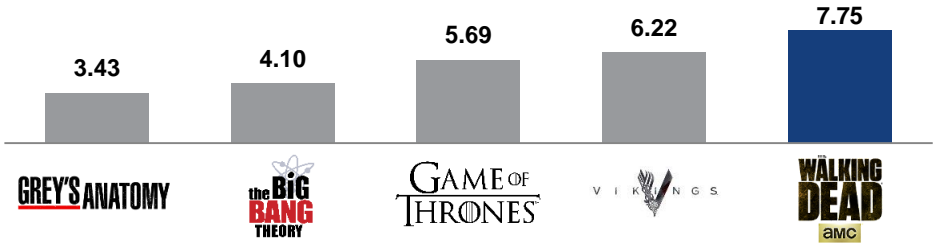


Lower marketing costs through a well-known IP

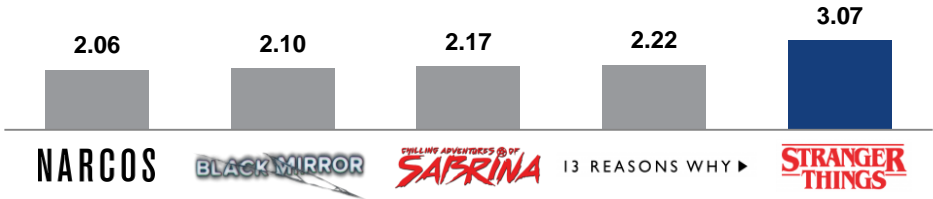
Higher lifetime value and lower marketing costs through loyal fan base

Next Games has the most attractive IP

Most in-demand TV series in the world for 2018
(Demand expressions per capita globally)



Most in-demand digital original series in the world for 2018
(Demand expressions per capita globally)



Clear target market for driving UA profitability

Source: Next Games, Fox TV, Parrot Analytics



3. Roadmap and Strategy



Next Games Strengths

Strong existing game portfolio and pipeline

Established entertainment industry networks and relationships

Track record of creating fan-favourite games with strong monetisation

Strong talent pool and multiple game development teams

Unique technology platform with cutting edge location-based tech

Clear roadmap to profitability and growth

Key executed and ongoing measures to ensure profitability and growth

- 1 **Cost base reduction**
- 2 **Drive growth through solid game portfolio and pipeline**
- 3 **Product strategy with focus on reusability**
- 4 **Renewed publishing and user acquisition strategy**
- 5 **Development of ad revenue model**

1 Cost savings program successfully implemented

Monthly costs and savings				Comments
EURk	Actual monthly costs			Monthly cost base target
	H2 2018	Q1 2019	Q2 2019	
Research and development services	320	70	40	-
Employee expenses	830	820	660	-
Other fixed costs	550	500	480	-
Total	1,700	1,390	1,180	1,100-1,200

- In Q2 2019, the company reached its monthly target cost level of EUR 1.1-1.2m

Research and development services





- Discontinued game project major contributing factor to savings in product development
- Other minor savings across the company's other game projects

Employee expenses

- Savings in employee expenses realised during Q2 2019, employee expenses decreasing 21% from the previous quarter
- Next Games had 108 employees at the end of June vs. 143 employees at the end of 2018


2 Solid portfolio and pipeline to build growth

Next Games live portfolio and active pipeline

		H1'19 Revenue	H1'19 Average DAU (ARPAU)	Allocated personnel resources ¹⁾
<div>9 game concepts or prototypes</div> <ul style="list-style-type: none"> ✓ Concepting/prototyping ✓ Part of the projects based on 3rd party IP, others own IP 				New projects 42%
 <div>Stranger Things</div>	<ul style="list-style-type: none"> ✓ In pre-production phase ✓ Estimated launch in 2020 	-	-	
 <div>Blade Runner Nexus</div>	<ul style="list-style-type: none"> ✓ In soft launch ✓ RPG character collector with social features 			
 <div>The Walking Dead: Our World</div>	<ul style="list-style-type: none"> ✓ First-of-a-kind mobile FPS launched in Jul-2018 ✓ Cutting edge location-based tech integrated to Google Maps ✓ Significant monetisation potential 	EUR 10.5m	183k (EUR 0.31)	Live products 46%
 <div>The Walking Dead: No Man's Land</div>	<ul style="list-style-type: none"> ✓ Next Games' first licensed game launched in 2015 ✓ Continued strong performance in 2018, DAU stabilising and monetisation improving 	EUR 8.7m	207k (EUR 0.22)	

■ Live
 ■ Soft launch
 ■ Pipeline

2 Blade Runner Nexus based on proven game mechanics and monetisation models



Endless, deep meta game with over 150 characters

Proven monetisation model where character collection is driven by live calendar events

Social interaction integrated in the game

Strong thematic alignment with the movie

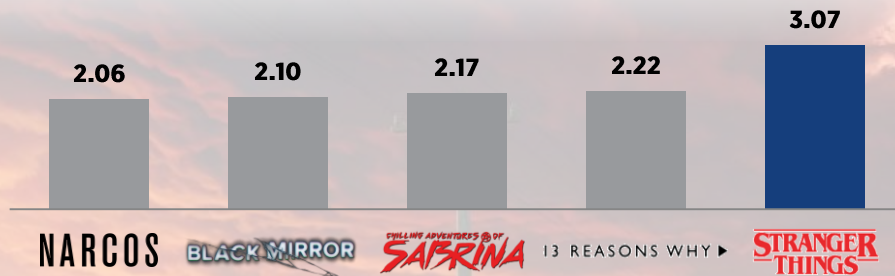
Current status

- Currently in soft launch in 5 countries
- Focus on optimising and improving the game's first time user experience and early retention

2 Stranger Things game based on Netflix hit series, designed around character collection and player collaboration

Stranger Things is a Netflix hit series

Most in-demand digital original series in the world for 2018
(Demand expressions per capita globally)



Collect favourite characters and fight enemies with other players

Approachable
puzzle RPG

Character
collection &
upgrading

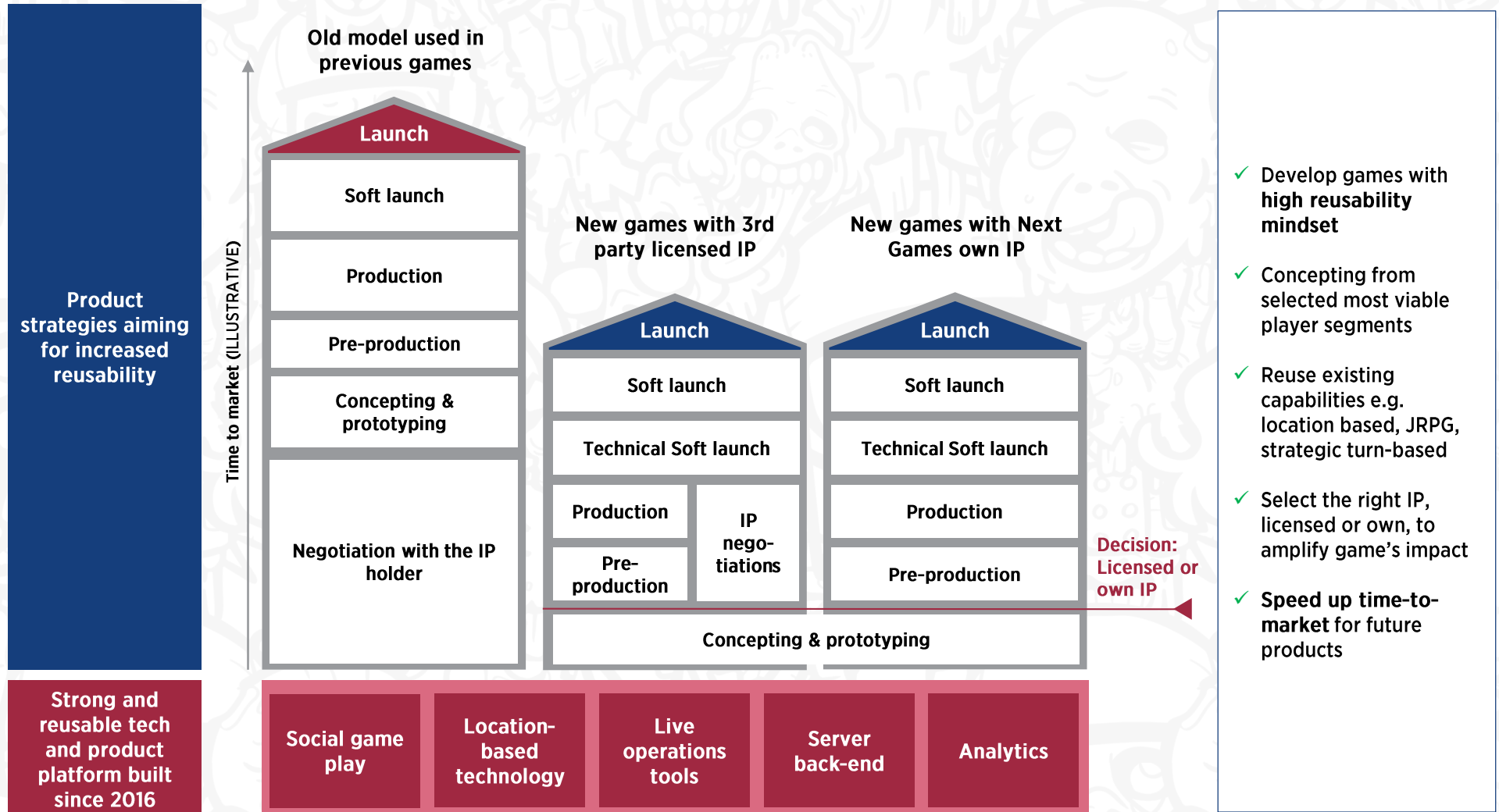
Social and
supernatural
missions

Estimated release in 2020

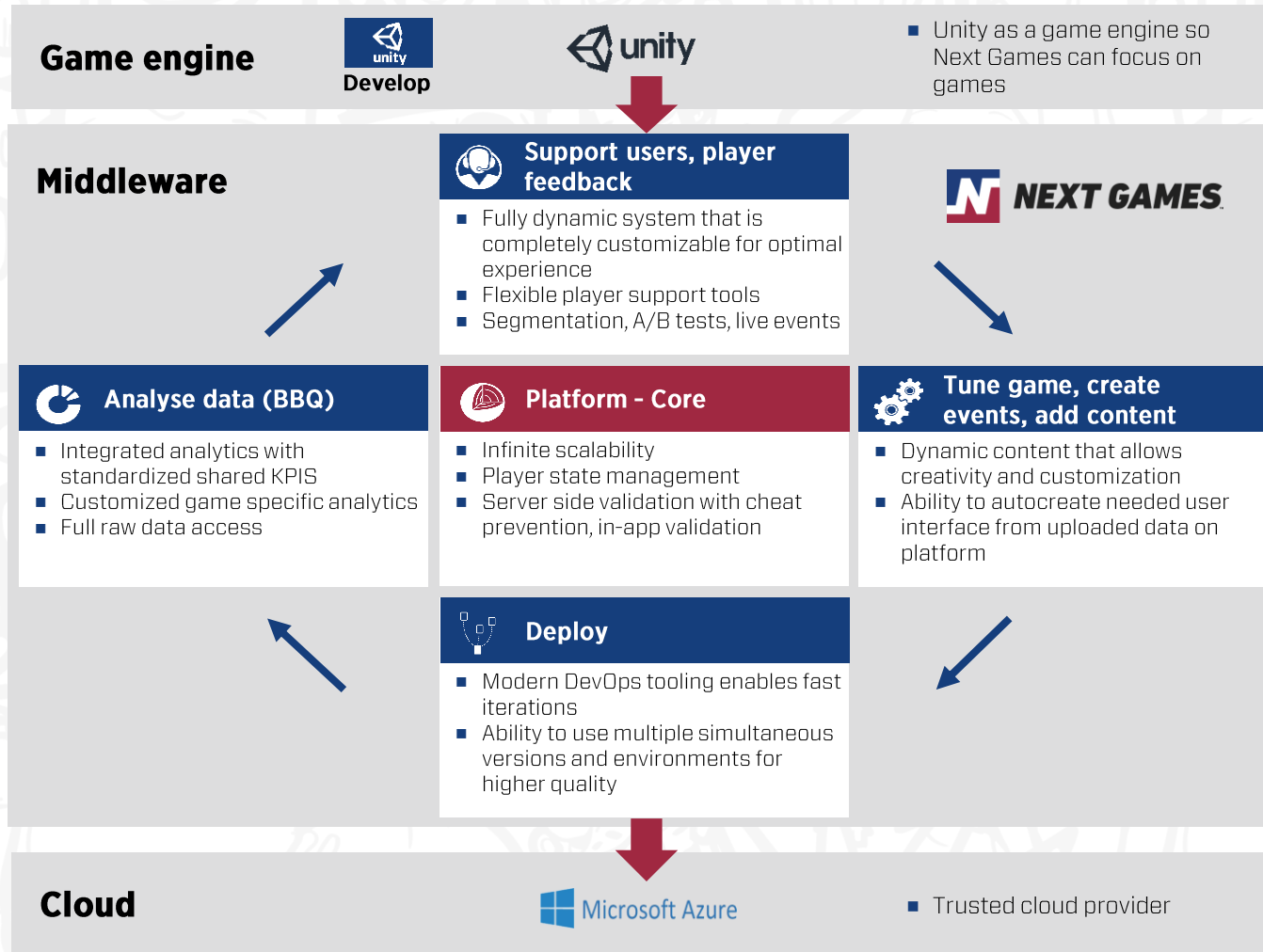


Source: Parrot Analytics

3 Product strategy – focus on time-to-market and reusability



3 Unique technology platform



Technology platform highlights

- ✓ Generic platform that allows fast reutilisation and non-limited customisation
- ✓ Multi-tenancy support for millions of concurrent players
- ✓ Ability to create multiple, scalable and persistent game worlds
- ✓ World-leading implementation of location based tech with Google Maps integration
- ✓ Rich and bespoke analytics system allowing deep visibility to operational metrics
- ✓ Global platform with strong localisation capabilities

4 Renewed publishing and user acquisition strategy

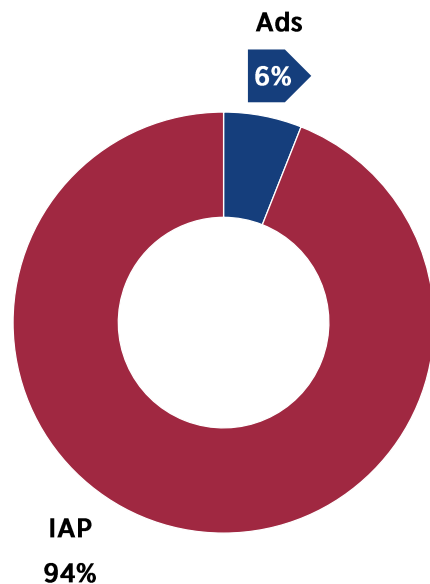


- ✓ Significantly strengthened User Acquisition and Analytics team since Q3/2018
- ✓ Fine-tuned soft launch process: key markets opened and tested before bigger marketing pushes
- ✓ Strategic marketing relationships with the IP holders and their partners as a competitive advantage
- ✓ Mitigate risk while retaining upside and ability for rapid user acquisition

5 Further potential in development of ad revenue model

Ads still a small piece

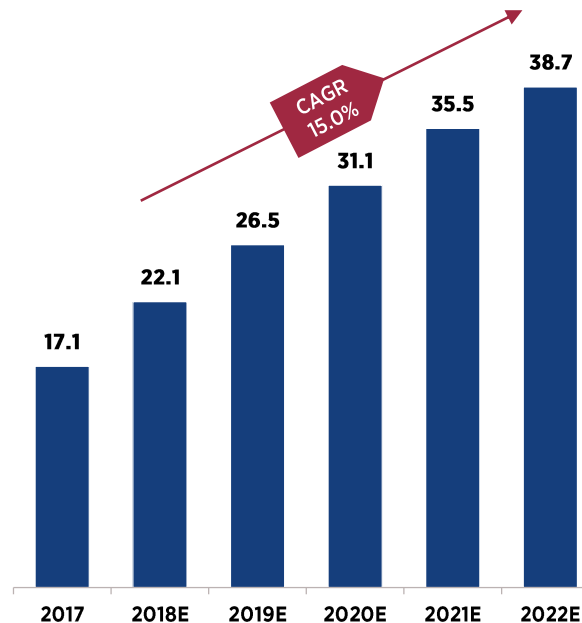
Next Games revenue split (2018)



Ad revenue currently only 6% of revenue for Next Games

Growing market opportunity

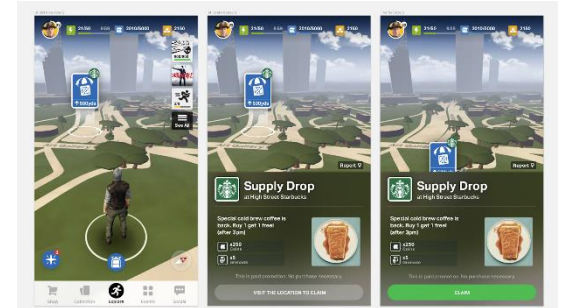
Mobile location-based marketing in the US, 2017-2022 (USDbn)



Booming ad segment

Next Games priorities

- ✓ Innovative location-based ads for Our World piloted with a significant global partner in H1 2019
- ✓ Video ads being brought to whole portfolio



Next Games with strong existing capabilities



4. Financial Overview

Financial highlights

Steady revenue growth

Portfolio and pipeline support further growth

Cost base optimised and cash position stabilised

Planned equity offering to strengthen balance sheet and enable future investments

+9%
revenue growth
in 2018



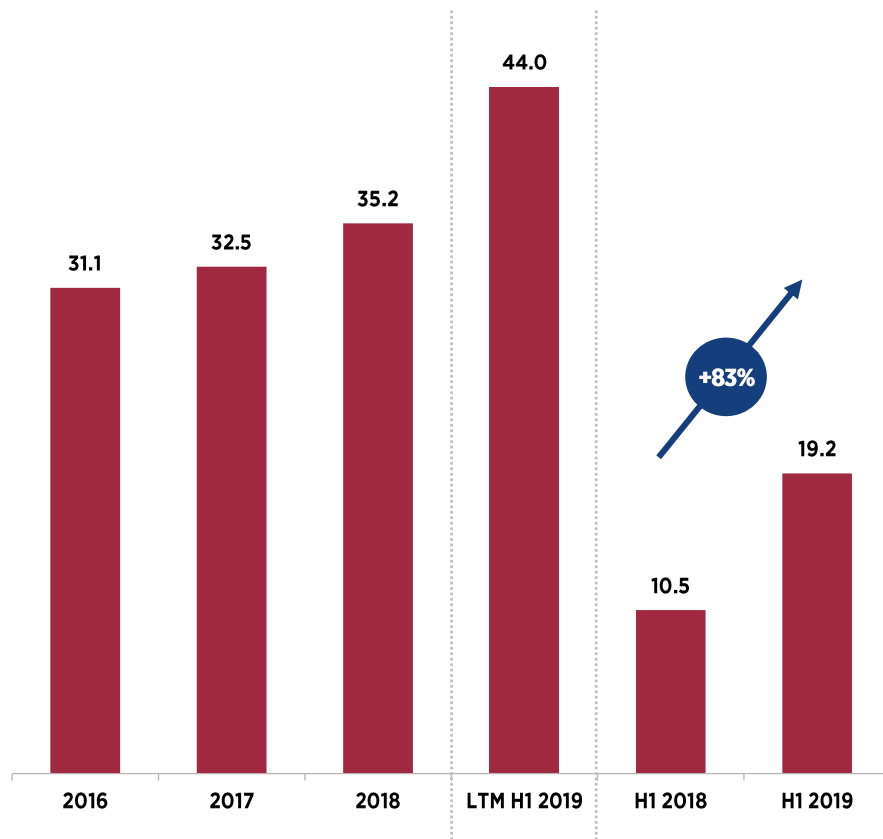
Further
pipeline

EUR 6.5m
estimated annual
cost savings

~EUR 8m
equity offering
planned

Steady growth in revenue

Revenue (EURm)



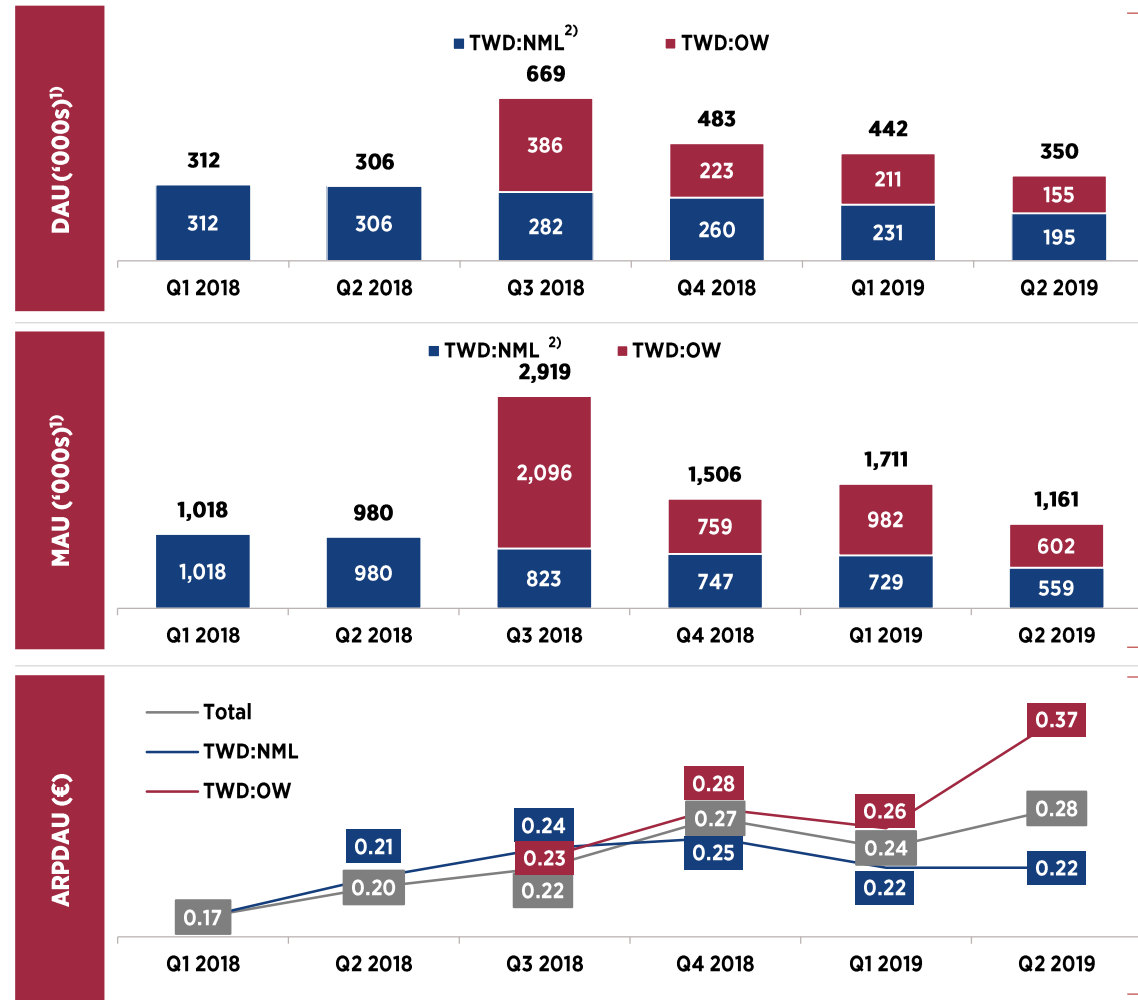
Comments

- Steady revenue growth throughout 2016-2018
- Revenue boosted in the second half of 2018 due to the launch of The Walking Dead: Our World in Q3
- Revenue growth of 83% in H1 2019 vs. H1 2018
- The company seeks moderate revenue growth during 2019 compared to 2018

Revenue per quarter

EURm	Q1'18	Q2'18	Q3'18	Q4'18	Total 2018	Q1'19	Q2'19
TWD:NML	4.7	5.5	5.6	5.7	21.5	4.8	3.9
TWD:OW	0.0	0.2	7.8	5.6	13.6	5.0	5.4
Other	0.1	0.1	0.1	0.0	0.2	0.0	0.0
Total	4.8	5.7	13.5	11.3	35.3	9.8	9.4

TWD:OW achieved record-breaking ARPDAU in Q2 2019, TWD:NML metrics stabilising



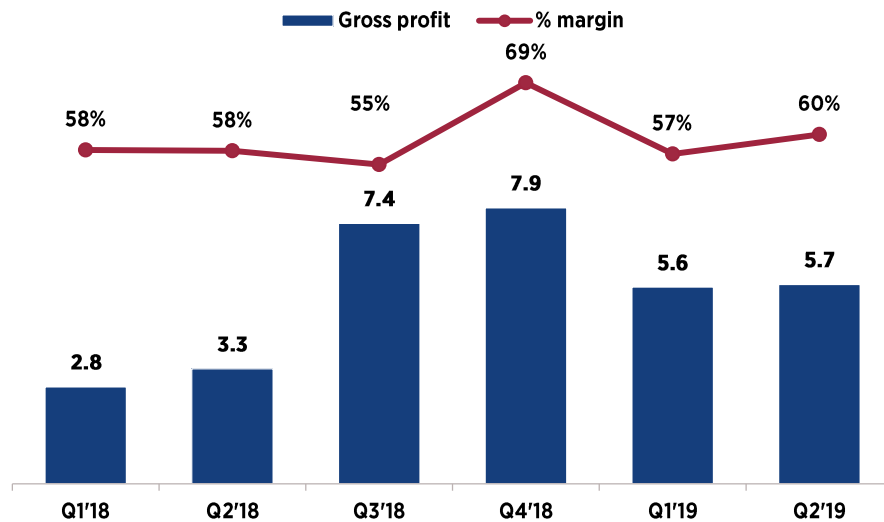
- TWD:OW DAU on a good level, although DAU level has slightly declined while ARPDAU is growing
- TWD:OW team is focusing on improving the game's retention
- DAU for TWD:NML has been stabilising and maintained on a good level through live-operations campaigns and in-game events
- 14% higher DAU in Q2 2019 vs. Q2 2018

- Strong growth in TWD:OW ARPDAU, as the game achieved record-breaking IAP ARPDAU of 0.34 EUR in June and video ads were implemented to the game
- Stable development in TWD:OW ARPDAU
- Total ARPDAU 40% higher in Q2 2019 vs. Q1 2018

1) Quarterly average; 2) Includes Compass Point West

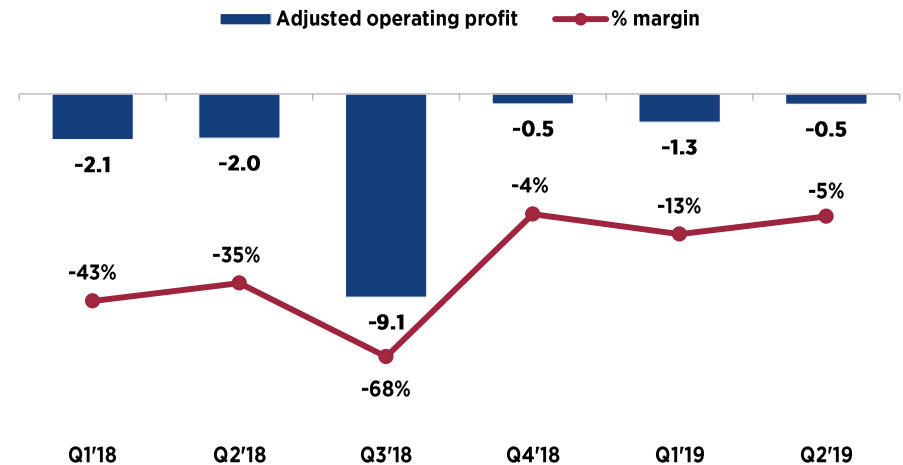
Stable gross margin and improving adjusted operating profit

Gross profit



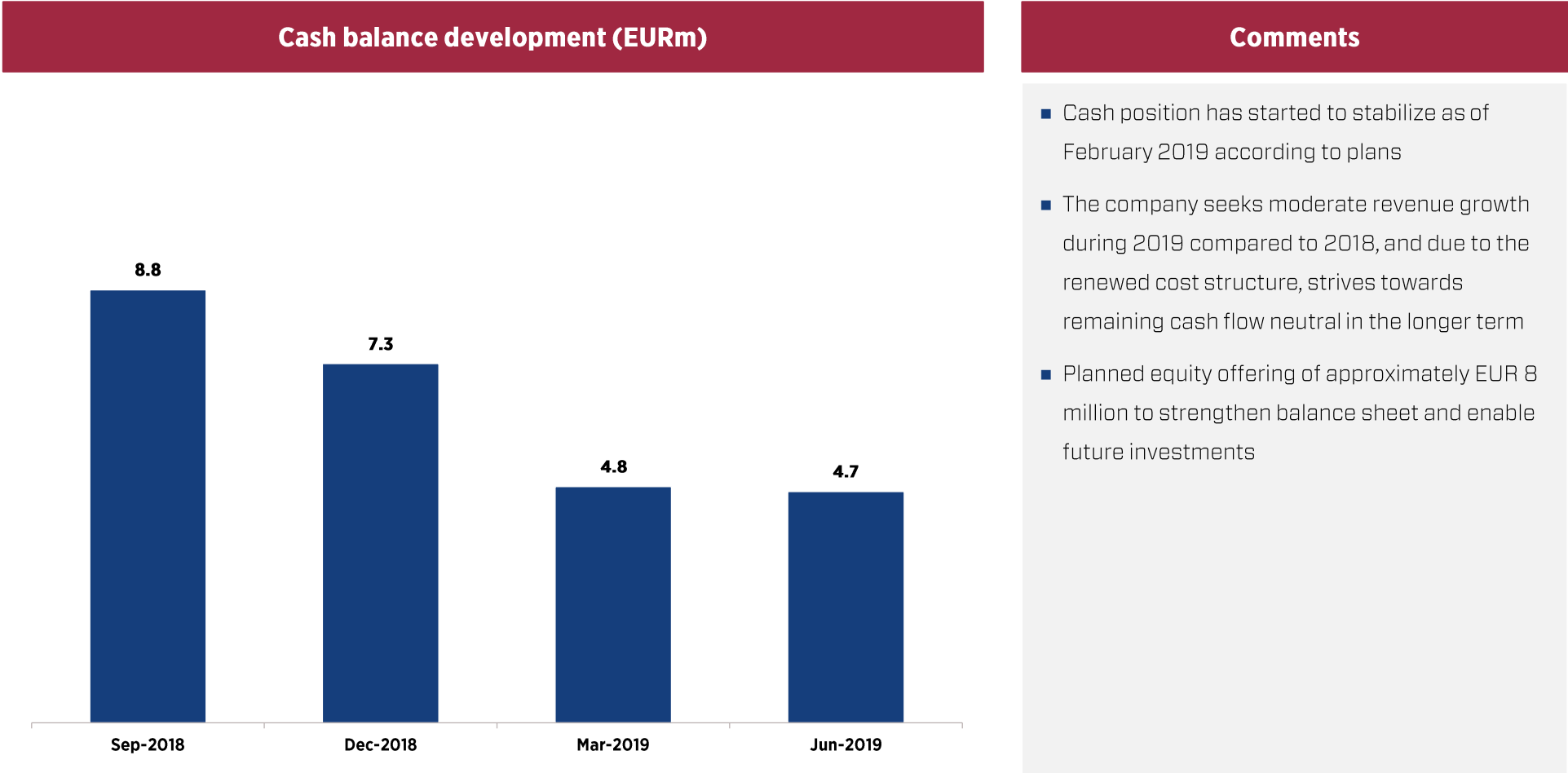
- Gross margin has remained stable
- Gross profit boosted in the second half of 2018 due to the launch of TWD:OW in Q3
- Q4 higher margin due to year-end balancing of license fees and payments to e.g. server providers

Adjusted operating profit



- Significant improvement in adjusted operating profit resulting from increase in revenue and the renewed cost structure
- Monthly fixed cost savings of approximately EUR 550k estimated, totalling approximately 6.5 million annually (compared to H2 2018)

Cash position stabilised in Q2 2019 to EUR 4.7 million



Rights offering in brief

Structure	<ul style="list-style-type: none"> Existing Next Games shareholders have a pre-emptive right to subscribe for offer shares issued in the offering in proportion to their existing shareholdings in the company Shareholders or other investors are entitled to subscribe without subscription rights for offer shares that have not been subscribed with subscription rights
Size and pricing	<ul style="list-style-type: none"> Next Games aims to raise gross proceeds of approximately EUR 8 million by offering new shares for subscription in the offering The subscription price is EUR 0.86 per share
Shares offered	<ul style="list-style-type: none"> The total number of shares offered is 9,298,430 shares, meaning that if the offering is fully subscribed, the offered shares will correspond to approximately 50% of the Company's issued and outstanding shares prior to the offering
Subscription ratio	<ul style="list-style-type: none"> Shareholders will receive one (1) subscription right for each one (1) share held on the record date 27 September 2019 Each two (2) subscription rights entitle to subscribe for one (1) new share in the offering
Subscription undertakings	<ul style="list-style-type: none"> Existing shareholders have committed to undertakings to subscribe for shares in total of EUR 8 million Jari Ovaskainen and AMC Networks Ventures LLC have committed to undertakings to subscribe, subject to certain conditions, for offer shares in the offering up to a maximum amount of EUR 4 million each, EUR 8 million in total, in the event that any shares remain unsubscribed for after the expiry of the subscription period of the offering
Use of proceeds	<ul style="list-style-type: none"> Strengthen the balance sheet Enable future investments such as product development and marketing of new products Used for license payments and other general corporate purposes
Timetable	<ul style="list-style-type: none"> The Company's shares will trade ex-rights from 26 September 2019 Subscription period commences on 2 October 2019 at 9.30 a.m. Finnish time and expires on 16 October 2019 at 4.30 p.m. Finnish time The subscription rights are freely transferable and trading in the subscription rights on First North is expected to take place between 2 October 2019 and 10 October 2019



5. Summary

Summary

1

Large and growing global market in licensed mobile games

2

Strong game and license portfolio with established industry and IP relationships, unique technology platform and strong talent pool

3

Clear roadmap for profitability and continued growth:

Cost base reduction

**Drive growth through
solid game portfolio**

**Product strategy with
focus on reusability**

**Renewed publishing
and user acquisition
strategy**

**Development of ad
revenue model**

4

Contemplated rights offering to further strengthen balance sheet and enable future investments



Appendix



The Walking Dead: No Man's Land reached EUR 100 million in lifetime revenue in December 2018



Description

- Innovative combination of turn based combat with RPG character progression
- Based on the globally top-ranked TV show The Walking Dead
- Fresh content and characters introduced weekly in line with show events
- Exclusive rewards and weekly challenges to be gained in collaboration with other players

Oct-15
2015

Launch

+22m

Downloads

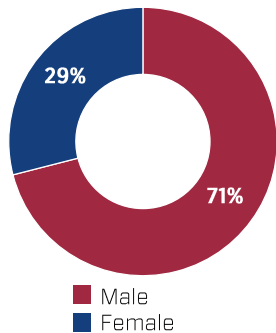
4.7

U.S. App Store ranking

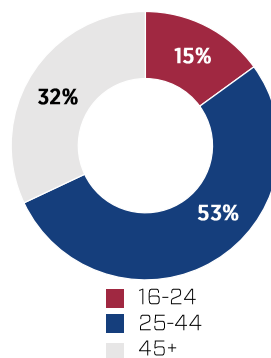


Player base characteristics

Gender¹⁾



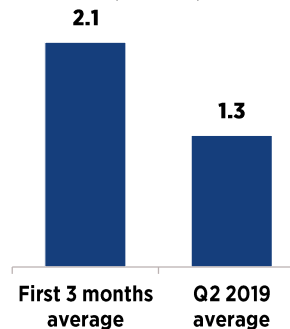
Age¹⁾



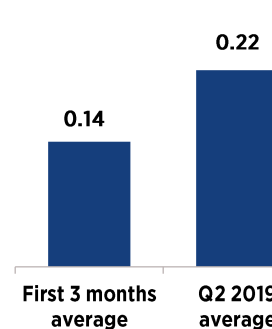
1) iPhone users in the U.S., Source: App Annie

KPI development

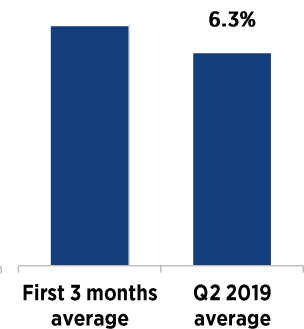
Monthly revenue (EURm)



ARPPDAU (EUR)



Day 30 retention 7.1%



The Walking Dead: Our World is utilising unique location-based technology



Description

- First-of-a-kind consumer friendly mobile FPS
- Location-based zombie survival using cutting edge technology and integrated Google Maps gaming product
- Location-based missions with couch play option
- Revolutionary social interaction with other players by collaboration and Battle Royale style PvP events

**Jul-18
2018**

Launch

+6m

Downloads

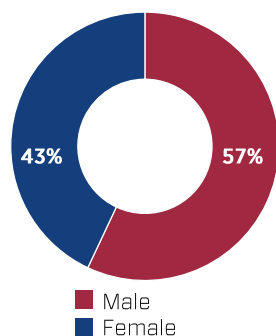
4.5

U.S. App Store ranking

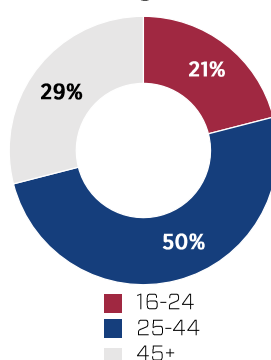


Player base characteristics

Gender¹⁾

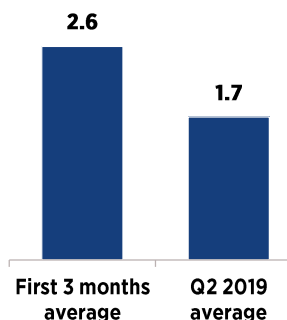


Age¹⁾

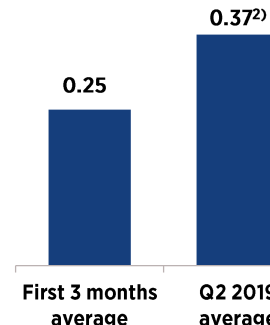


KPI development

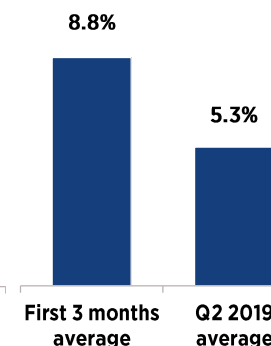
Monthly revenue (EURm)



ARPPDAU (EUR)



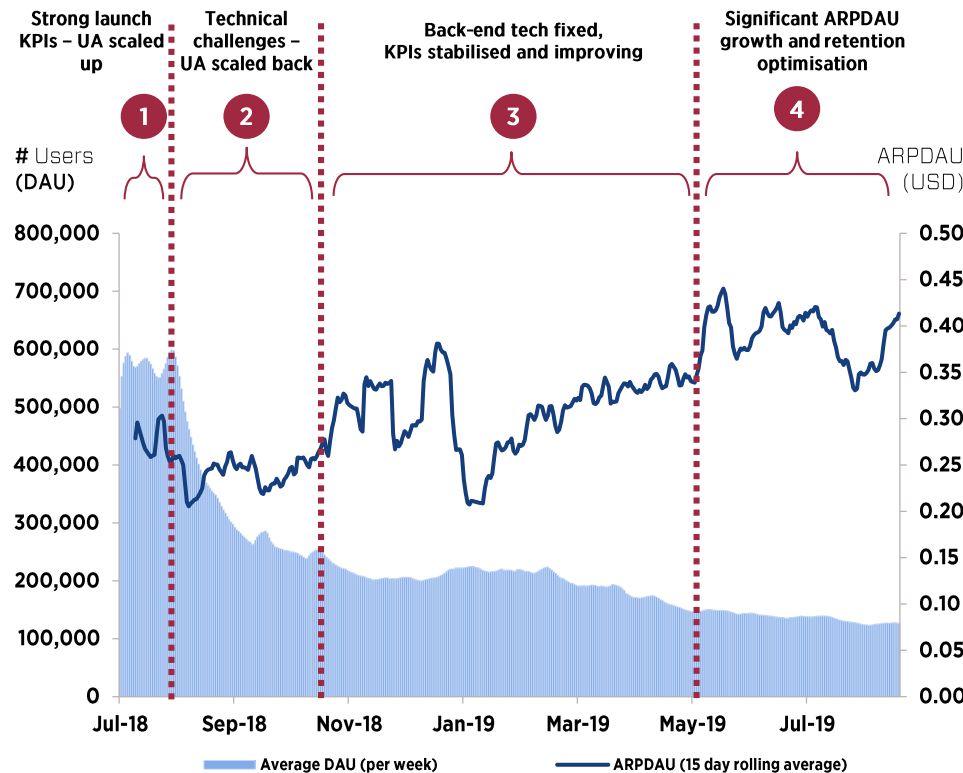
Day 30 retention



1) iPhone users in the U.S., Source: App Annie; 2) ARPPDAU Includes both IAP and ad revenues since 11.6.2019

TWD:OW stabilised after technical challenges at launch and positioning for growth

The Walking Dead: Our World KPI development



Measures taken from launch to stabilisation

1	Strong launch KPIs – UA scaled up	<ul style="list-style-type: none"> ✓ 625k DAU and top-50 grossing ranking ✓ Significant UA spend scale-up
2	Technical challenges – UA scaled back	<ul style="list-style-type: none"> ✗ Technical challenges began as the number of concurrent users increased ✓ User acquisition spend was scaled back significantly – impacting DAU
3	Back-end tech fixed, KPIs stabilised and improving	<ul style="list-style-type: none"> ✓ Back-end tech addressed in October 2018 – DAU stabilised and ARPDAU improved
4	Significant ARPDAU growth and retention optimisation	<ul style="list-style-type: none"> ✓ Our World achieved record-breaking in-app purchase ARPDAU of EUR 0.34 ✓ Video ads implemented ✓ Focus on improving the game's retention

Back-end tech fixed, DAU stabilised and now positioning gameplay for improved monetisation

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