# Q1 2022 Financial Results



## Nexters Global

4 August 2022

# Disclaimer

**Forward-looking statements**

Certain statements in this presentation may constitute “forward-looking statements” for purposes of the federal securities laws. Such statements are based on current expectations that are subject to risks and uncertainties. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

The forward-looking statements contained in this presentation are based on the Company’s current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. Forward-looking statements involve a number of risks, uncertainties (some of which are the Company’s control) or other assumptions. You should carefully consider the risks and uncertainties described in the “Risk Factors” section of the registration statement on Form F-1, as amended, initially filed by the Company on September 22, 2021 and other documents filed by the Company from time to time with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of the Company’s assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and the Company undertakes no obligation to up-date or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

**Due to the rounding the numbers presented throughout this document may not precisely add up to the totals. The period-over-period percentage changes are based on the actual numbers and may therefore differ from the percentage changes if those would be calculated based on the rounded numbers**

**The figures in this document are preliminary and unaudited**

# Key operating and non-IFRS metrics used in the presentation

In this presentation, we use a number of key operating metrics which we believe accurately, in material aspects, reflect the principal parameters of our historic and projected performance. For further information, regarding our operating metrics, see the registration statement on Form F-1 filed with the SEC.

Operating metrics

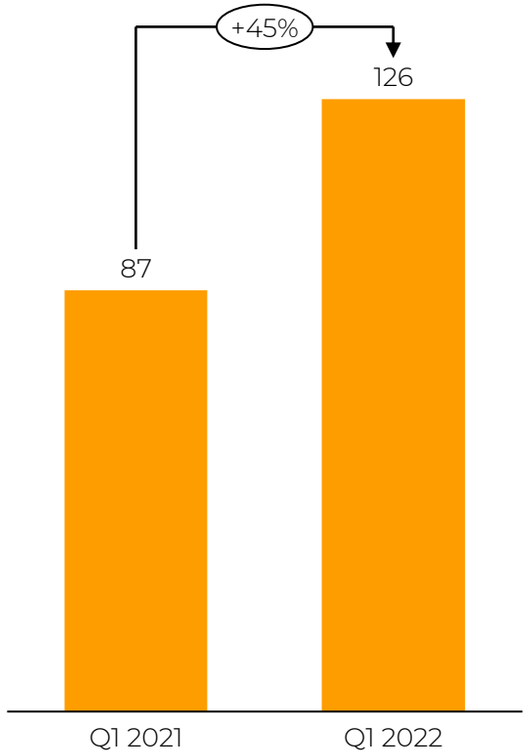
- Monthly Active Users (MAUs) are the number of individuals who played a particular game in the 30-day period ending with the measurement date
- Daily Active Users (DAUs) are the number of individuals who played one of our games during a particular day
- Monthly Paying Users (MPUs) are the number of individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date
- Monthly Payer Conversion is the total number of MPUs, divided by the number of MAUs
- Average Bookings Per Paying User (ABPPU) is the total Bookings attributable to in-game purchases in a given period, divided by the number of months in that period, divided by the average number of MPUs during the period
- Bookings are sales contracts generated from in-game purchases and sales of advertisement in a given period


Key Highlights

# Key financial highlights (1/2)

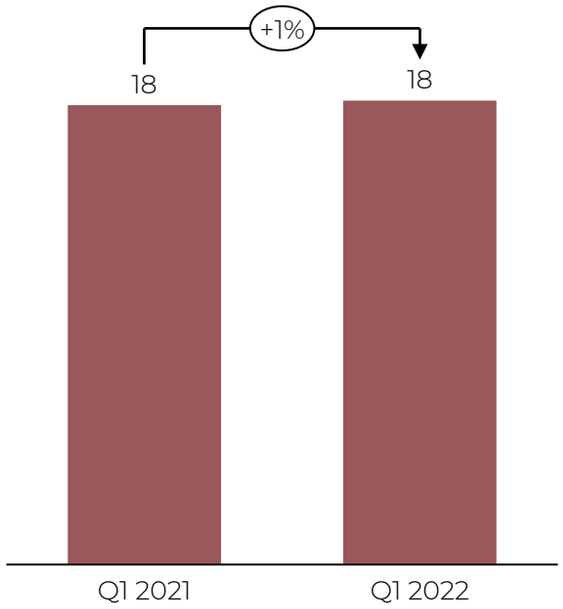
$m

**Revenue**



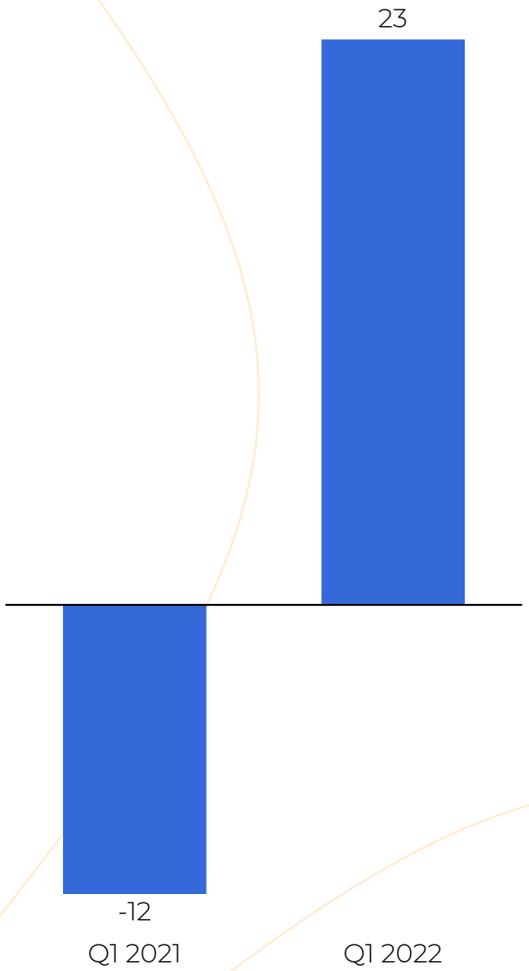

$m

**Operating Cash Flow**




$m

**Net Income/ Loss**




- Revenue increased by 45% YoY driven primarily by an increase in bookings and by a decrease in change of deferred revenues
- Operating cash flow remained relatively stable vs Q1 2021
- Net income increased by $35m and amounted $23m vs net loss of $12m in respective period of 2021

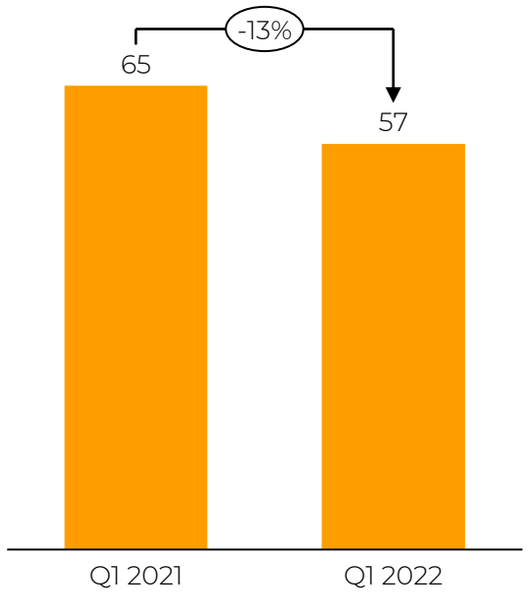


Source: Company information

# Key financial highlights (2/2)

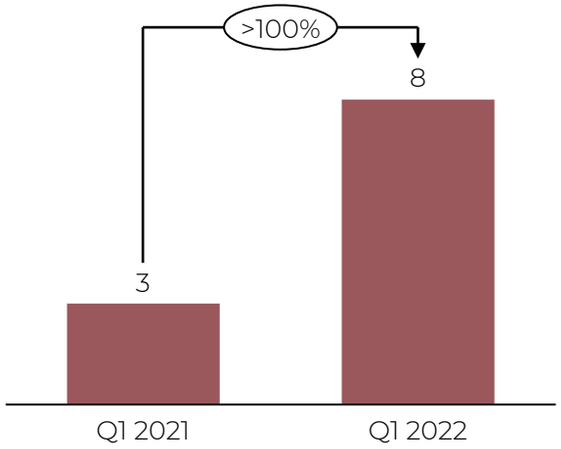
$m

**Selling and Marketing Expenses**



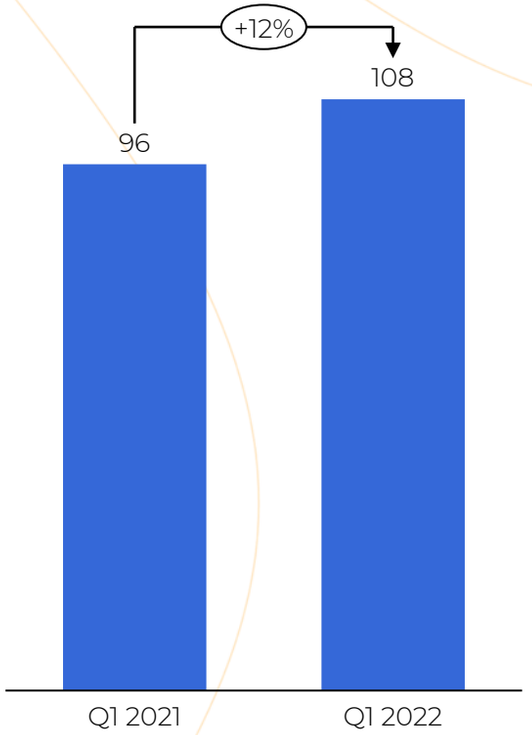

$m

**G&A Expenses**




$m

**Total Costs and Expenses, Excluding D&A**




- Selling and marketing expenses decreased by 13% YoY mainly due to the suspension of marketing activities in FSU countries as well as general decrease of UA expenses due to the saturation of the market in Q1 2022
- G&A expenses increased by $6m primarily driven by an increase in personnel and other expenses resulting from the recurring NASDAQ listing expenses as well as the increase in the scale of the Group's operations
- Total costs and expenses (excl. D&A) increased by 12% YoY due to higher G&A expenses as well as increased platform commissions and game operations costs

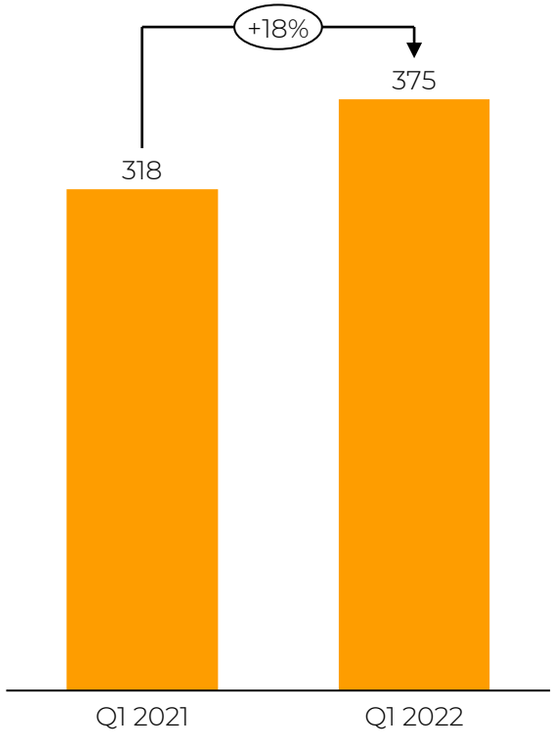


Source: Company information

# Key Operating Highlights

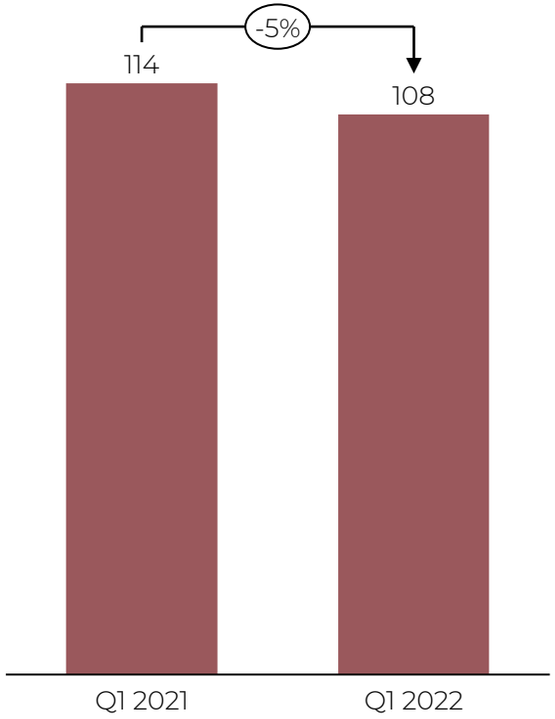
‘000 users

**Monthly Paying Users (1)**



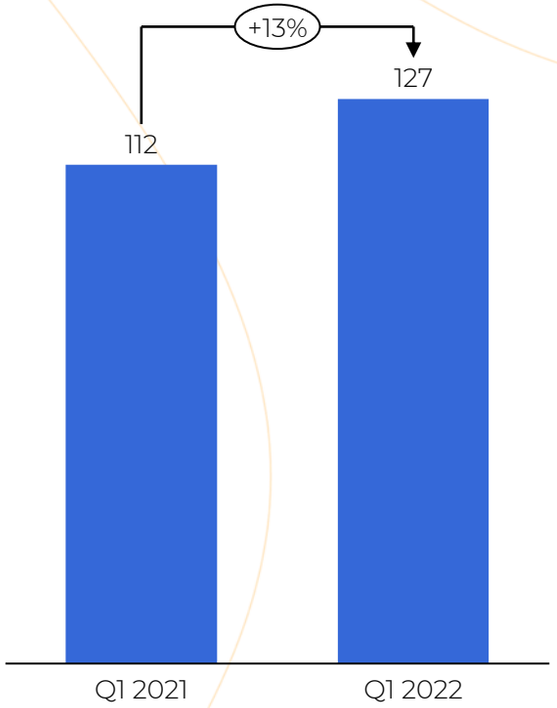

$/month

**Average Bookings Per Paying User (2)**




$m

**Bookings**




- M&A transactions completed in Q1 together with UA investments in 2021 resulted in a substantial increase in MPU
- ABPPU decreased by 5% due to a substantial inflow of new paying users
- The increase in MPUs resulted in the growth of quarterly bookings

Source: Company information

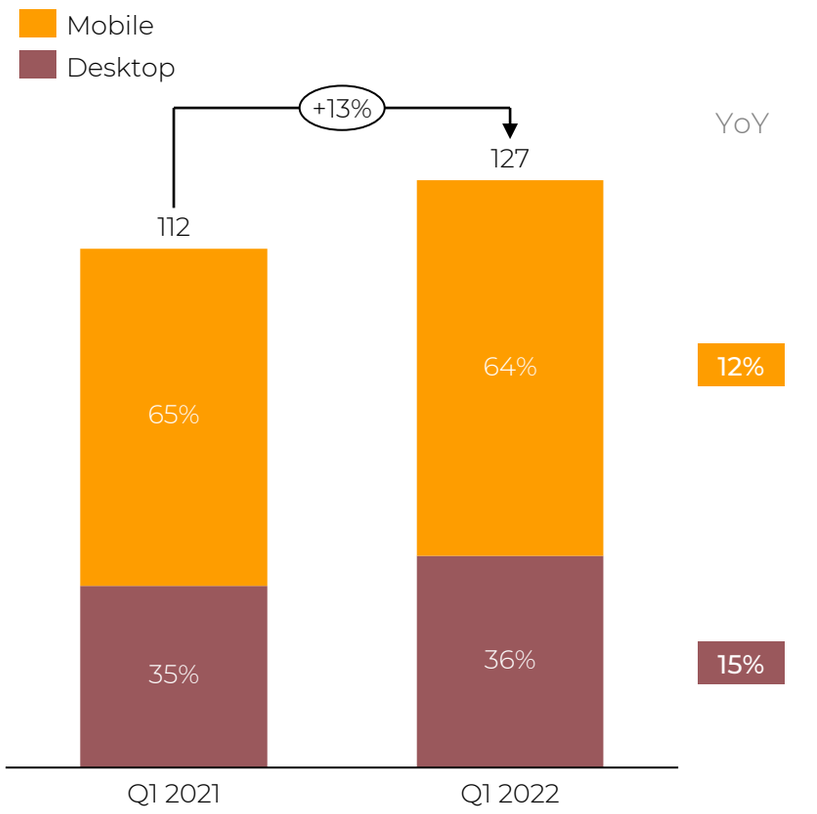
(1) The Company defines Monthly Paying Users, or MPUs, as the number of individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date; Quarterly MPU is the average of MPUs for each month for the respective quarter

(2) The Company defines Average Bookings Per Paying User, or ABPPU, as its total Bookings attributable to in-game purchases in a given period, divided by the number of months in that period, divided by the average number of MPUs during the period

# Diversification across key platforms and geographies

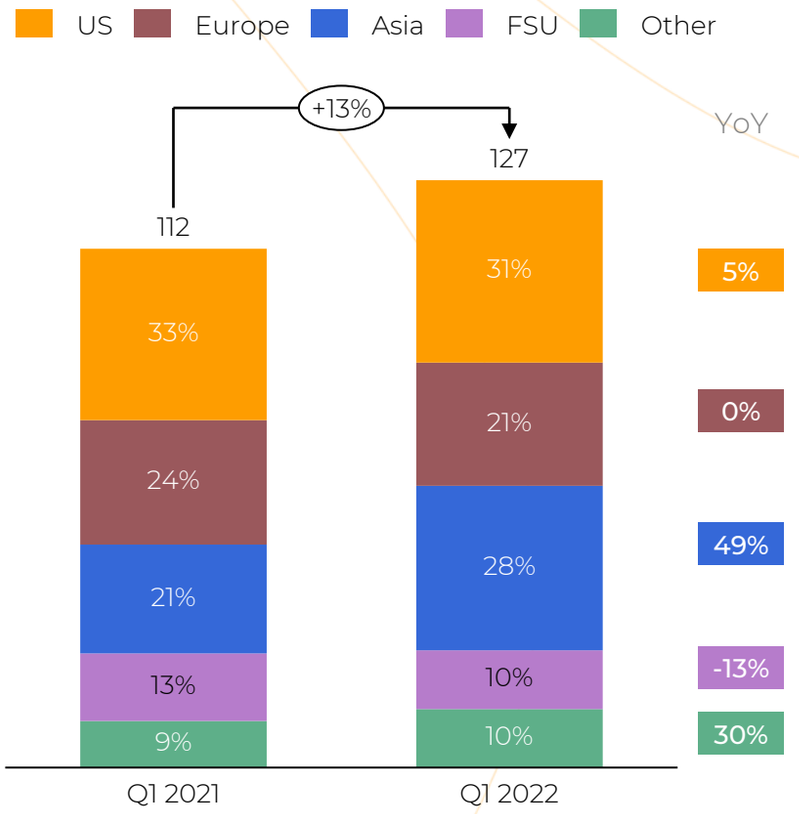
$m

**Bookings By Platform (1)**




$m

**Bookings By Geography (1)**




- Desktop games increased by 15% enabling to access a wider audience and expand our addressable market
- Mobile platforms also showed strong growth with 12% YoY increase
- Among geographies, Asia continue to be the main growth driver with 49% YoY increase
- Decrease in FSU region is primary driven by the suspension of marketing activities there



Source: Company information
1) For platform and geography splits corresponding shares in management accounts were used

# Changes in the corporate governance

## Three new independent directors proposed to join the board:



### Tal Shoham

- Over 10 years of experience in gaming, ad-tech, growth & monetization technologies. Tal's primary areas are ad-monetization, user acquisition, marketing strategy, product, and M&A
- Currently Tal is an angel investor and board member in a few early-stage gaming companies, Co-Founder and President of Tedooo and an LP investor at a leading israeli venture fund- Vgames.
- Holds a bachelor's degree in Politics, Government and Management from the Ben-Gurion University of the Negev.



### Marie Holive

- Over 20 years of experience of finance and audit expertise in media, tech, healthcare, including Senior Audit Manager, Chief Financial Officer and Managing Director roles at such companies as General Electric and Comcast NBCUniversal
- Now Marie is serving as a coach and mentor at ICAEW, INSEAD and London Business School, as well as advising a number of corporations and start-ups
- Holds a Master of Science in engineering, an MBA from London Business School and Columbia Business School, and the Non-Executive Director diploma from the Financial Times



### Olga Loskutova

- Over 20 years in marketing and general management across Western/Eastern Europe, the US, the Middle East in such multinationals as Nestle, SABMiller, Whirlpool
- Currently Olga is the VP Product & Brand Marketing at Whirlpool EMEA
- Holds a degree in Marketing from Plekhanov Russian University of Economics as well as executive development programs at IMD and Saïd Business School, University of Oxford.

- Ivan Tavrin will leave the board and the position of the chairman and will no longer be involved in the corporate governance, management or operation of the company
- New chairman will be elected through voting by the Board of Directors
- Igor Bukhman and Boris Gertsovskiy will resign as directors of the board, while remaining major shareholders and participating in the company's operation on advising and management levels respectfully
- Three new independent directors will join the board providing strong international multi-industry expertise in finance, marketing, and product strategies
- The share of independent directors will increase from the existing 43% to 71%


Appendix

# Balance Sheet

($ in thousands)

| Assets | Dec 31, 2021 | Mar 31, 2022 |
|---|---|---|
| **Non-current assets** | | |
| Property and equipment | 1,352 | 1,371 |
| Intangible assets | 266 | 17,144 |
| Investments in equity accounted associates | — | 26,806 |
| Goodwill | 1,501 | 48,714 |
| Long-term deferred platform commission fees | 116,533 | 113,902 |
| Right-of-use-assets | 2,050 | 2,698 |
| Deferred tax assets | 25 | 55 |
| Other non-current assets | 107 | 11,727 |
| Loans receivable - non-current | — | 9,987 |
| **Total non-current assets** | **121,834** | **232,404** |
| **Current assets** | | |
| Indemnification asset | — | 3,267 |
| Trade and other receivables | 45,087 | 48,625 |
| Loans receivable | 123 | 162 |
| Cash and cash equivalents | 142,802 | 83,704 |
| Prepaid tax | 3,137 | 3,553 |
| **Total current assets** | **191,149** | **139,311** |
| **TOTAL ASSETS** | **312,983** | **371,715** |
| | | |
| **Liabilities and shareholders' equity** | | |
| **Equity** | | |
| Share capital | — | — |
| Other reserves | 166,405 | 165,095 |
| Accumulated deficit | -327,497 | -304,068 |
| Non-controlling interest | 44 | 26 |
| **Total equity** | **-161,048** | **-138,947** |
| **Non-current liabilities** | | |
| Lease liabilities – non-current | 1,103 | 877 |
| Long-term deferred revenue | 128,074 | 120,568 |
| Share warrant obligations | 22,029 | 14,620 |
| Put option liability | — | 14,141 |
| Other non-current liabilities | — | 17,568 |
| **Total non-current liabilities** | **151,206** | **167,774** |
| **Current liabilities** | | |
| Lease liabilities – current | 831 | 1,544 |
| Trade and other payables | 26,573 | 33,356 |
| Provisions for non-income tax risks | — | 1,381 |
| Tax liability | 814 | 3,194 |
| Deferred revenue | 294,607 | 303,413 |
| **Total current liabilities** | **322,825** | **342,888** |
| **TOTAL LIABILITIES** | **474,031** | **510,662** |
| | | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **312,983** | **371,715** |



Source: Company information

# Profit and Loss Statement

| ($ in thousands) | Q1 2021 | Q1 2022 |
|---|---|---|
| **Revenue** | **86,689** | **126,071** |
| Costs and expenses, excluding depreciation and amortization | | |
| *Cost of revenue:* | | |
| Platform commissions | -24,480 | -33,451 |
| Game operation cost | -3,937 | -9,310 |
| Selling and marketing expenses | -64,727 | -56,593 |
| General and administrative expenses | -2,809 | -8,496 |
| **Total costs and expenses, excluding depreciation and amortization** | **-95,953** | **-107,850** |
| Depreciation and amortization | -459 | -1,467 |
| **Profit/ Loss from operations** | **-9,723** | **16,754** |
| Finance income | — | 99 |
| Finance expenses | -1,880 | -1,038 |
| Change in fair value of share warrant obligations and other financial instruments | — | 6,692 |
| Share of profit of equity-accounted associates | — | 1,656 |
| **Income/(loss) before income tax** | **-11,603** | **24,163** |
| Income tax expense | -184 | -752 |
| **Income/(loss) for the period, net of tax** | **-11,787** | **23,411** |
| Other comprehensive income/(loss) | -51 | -281 |
| **Total comprehensive income/(loss) for the period, net of tax** | **-11,838** | **23,130** |
| *Earnings/(loss) per share:* | | |
| **Basic and diluted earnings/(loss) per share, US$[1]** | **-0.07** | **0.12** |



Source: Company information

(1) Based on a weighted average number of ordinary shares for basic and diluted earnings per share of 20,000

# Cash Flow Statement

| ($ in thousands) | Q1 2021 | Q1 2022 |
|---|---|---|
| **Operating activities** | | |
| Profit/(loss) for the period, net of tax | -11,787 | 23,411 |
| Adjustments for: | | |
| Depreciation and amortization | 459 | 1,467 |
| Share-based payments expense | 390 | 1,065 |
| Share of profit of equity-accounted associates | 0 | -1,656 |
| Expected credit losses | 0 | 332 |
| Property and equipment write-off | 0 | 313 |
| Change in fair value of share warrant obligations and other financial instruments | 0 | -6,692 |
| Unwinding of discount on the put option liability | 0 | 67 |
| Interest income | 0 | -99 |
| Interest expense | 24 | 43 |
| Foreign exchange loss | 1,801 | 781 |
| Income tax expense | 184 | 752 |
| | **-8,929** | **19,784** |
| Changes in working capital: | | |
| Increase in deferred platform commissions | -5,555 | 2,631 |
| Increase in deferred revenue | 26,873 | 1,300 |
| Increase in trade and other receivables | -13,303 | -2,970 |
| Increase/(decrease) in trade and other payables | 19,199 | -2,210 |
| | **27,214** | **-1,249** |
| Income tax (paid)/received | -64 | -126 |
| **Net cash flows generated from/(used in) operating activities** | **18,221** | **18,409** |
| **Investing activities** | | |
| Acquisition of intangible assets | -58 | -7 |
| Acquisition of property and equipment | -126 | -505 |
| Acquisition of subsidiary net of cash acquired | -1,217 | -50,022 |
| Investments in equity accounted associates | 0 | -16,586 |
| Loans granted | 0 | -9,936 |
| Proceeds from repayment of loans | 8 | 0 |
| **Net cash flows (used in)/from investing activities** | **-1,393** | **-77,056** |
| **Financing activities** | | |
| Payments of lease liabilities | -550 | -634 |
| Interest on lease | -24 | -41 |
| **Net cash flows used in financing activities** | **-574** | **-675** |
| **Net (decrease)/increase in cash and cash equivalents for the period** | **16,254** | **-59,322** |
| Cash and cash equivalents at the beginning of the period | 84,557 | 142,802 |
| Effect of changes in exchange rates on cash held | -899 | 224 |
| **Cash and cash equivalents at the end of the period** | **99,912** | **83,704** |



Source: Company information