Q2 2021 Financial Results



Nexters Global

22 September 2021

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 Fac-tors” section of the registration statement on Form F-1 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.

Non-IFRS Financial Measures

This presentation contains certain financial measures that are not prepared in accordance with International Financial Reporting Standards as promulgated by the International Standards Accounting Board (“IFRS”) and that may be different from non-IFRS financial measures used by other companies. These non-IFRS financial measures and other measures that are calculated using these non-IFRS financial measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS and should not be considered as an alternative to operating income, net income or any other performance measure derived in accordance with IFRS. Nexters believes that these non-IFRS measures of financial results (including on a forward-looking basis) provide useful information to investors about Nexters. Nexters’ management uses forward-looking non-IFRS measures to evaluate Nexters’ projected financial and operating performance. However, there are a number of limitations related to the use of these non-IFRS measures and their nearest IFRS equivalents. For example other companies may calculate non-IFRS measures differently, or may use other measures to calculate their financial performance, and therefore Nexters’ non-IFRS measures may not be directly comparable to similarly titled measures of other companies. Additionally, to the extent that forward-looking non-IFRS measures are provided, they are presented on a non-IFRS basis without reconciliation of such forward-looking non-IFRS measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.

Due to rounding, numbers presented throughout this document may not sum precisely to the totals we provide, and percentages may not precisely reflect the absolute figures

The figures in this document are unaudited

Key operating and non-IFRS metrics used in the presentation

In this presentation, we use a number of key operating and non-IFRS financial 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

Non-IFRS measures

- Adjusted costs and expenses. The Company defines Adjusted costs and expenses as the total of platform commissions, game operating costs, selling and marketing expenses and general and administrative expenses for the period as shown in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) share-based compensation expense, (ii) net change in deferred platform commission fees, (iii) impairment of non-current assets, (iv) any gains and losses arising as result of business combinations and (v) other special items, which are infrequent in nature and/or outside of the normal operating business. Adjusted costs and expenses is a non-IFRS financial measure and should not be construed as an alternative to total comprehensive profit/loss for the year as an indicator of operating performance as determined in accordance with IFRS


Key Highlights

Summary



- IPO on Nasdaq Global Market geared us with additional cash for our consolidation with total proceeds of ~$132 million
- Record high bookings and continued improvement in KPI's
- Chibi Island, our new casual farm & adventure game, is officially released now on iOS and Android after successful soft launch in the end of 2020

$154m
Bookings in 2Q 2021
+40% YoY

395k
MPU in 2Q 2021
+43% YoY

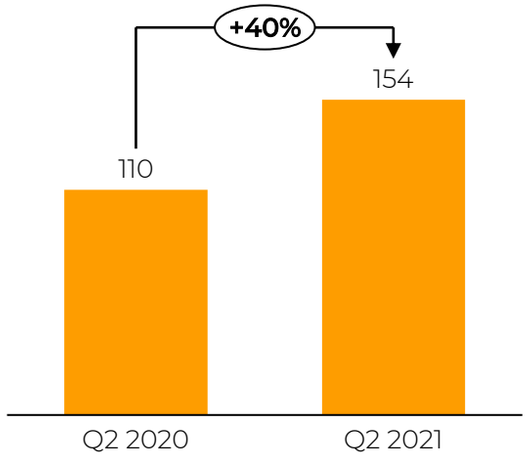
$125
ABPPU in 2Q 2021
-2% YoY

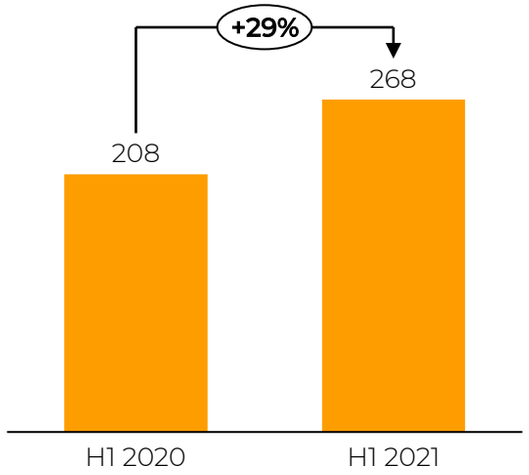
Key financial highlights

(A)

Bookings [1]

$m

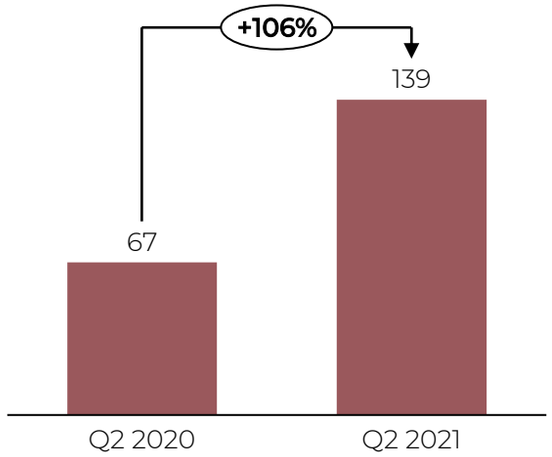


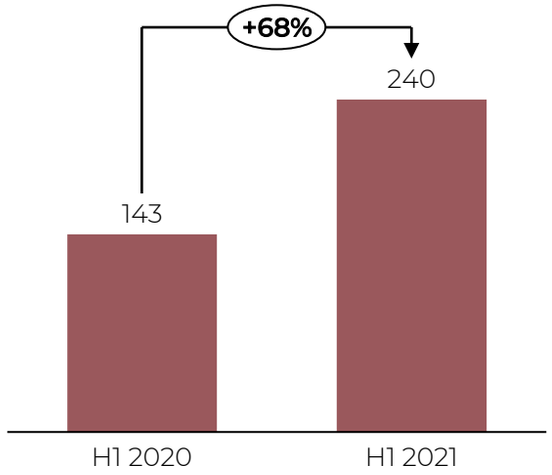


(B)

Adjusted costs and expenses [2]

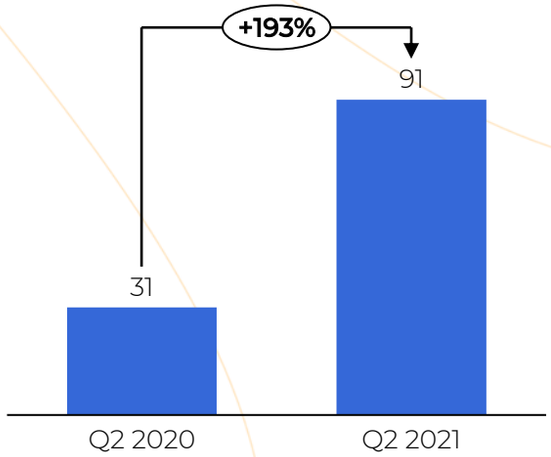
$m

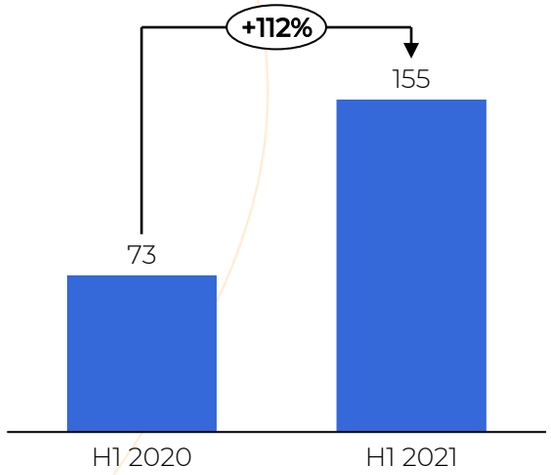




Selling and Marketing Costs

$m





Management profitability measure = (A) – (B)

- Strong growth in bookings in Q1 and Q2 2021 reflecting MPUs and ABPPU dynamics
- Record high investments in user acquisition in H1 2021 as company improved forecasting allowing to deploy marketing expense more efficiently
- Other G&A costs growth mostly driven by one-off IPO expenses as well as headcount growth

Source: Company information

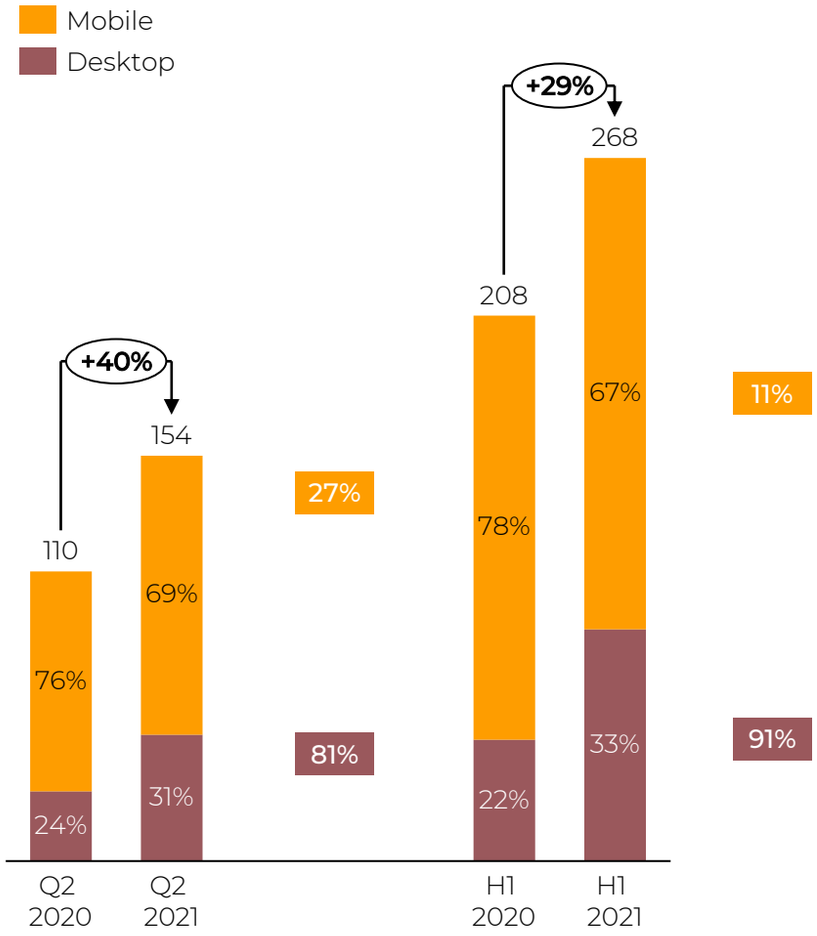
1) The Company defines Bookings as sales contracts generated from in-game purchases and advertising in a given period
Reflects corrections to the amounts reported in the Company's previous filings with the SEC due to the identification of an immaterial error relating to the calculation of withholding taxes in 2020 and other insignificant adjustments identified in the course of the financial reporting closing process as of June 30, 2021. For further information, see Note 4 (Use of judgements and estimates—Immaterial error) to the Company's interim condensed consolidated financial statements for the six months ended June 30, 2021 as filed with the SEC on September 22, 2021

2) The Company defines Adjusted costs and expenses as the total of platform commissions, game operating costs, selling and marketing expenses and general and administrative expenses for the period as shown in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) share-based compensation expense, (ii) net change in deferred platform commission fees, (iii) impairment of non-current assets, (iv) any gains and losses arising as result of business combinations and (v) other special items, which are infrequent in nature and/or outside of the normal operating business. Adjusted costs and expenses is a non-IFRS financial measure and should not be construed as an alternative to total comprehensive profit/loss for the year as an indicator of operating performance as determined in accordance with IFRS.

Diversification across key platforms and geographies

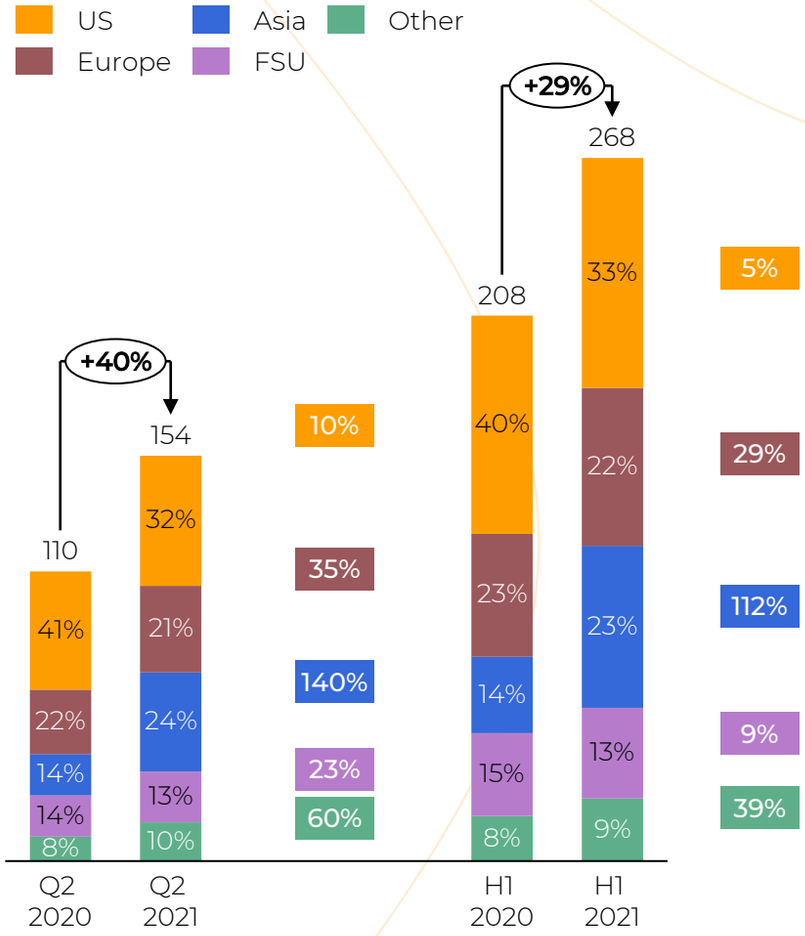
Bookings by platform [1]

$m



Bookings by geography [1]

$m



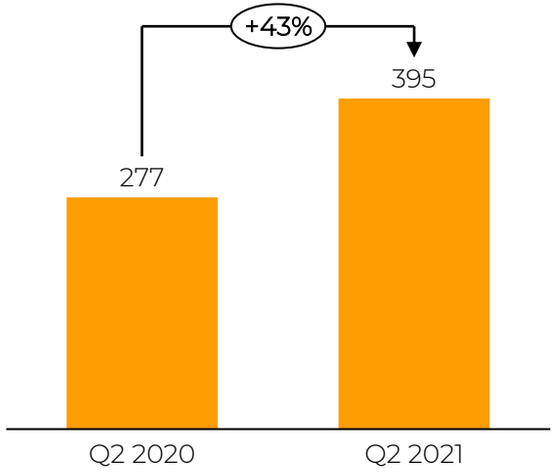
- Mobile platforms have seen strong growth, due to high investment in UA and shorter expected payback period of the cohorts acquired
- Desktop platforms were growing rapidly mostly due to dedicated development team for the Web version of game and growth of investment in UA
- Asia was the fastest growing region in 2021, where the RPG genre is highly acceptable by players. We have also successfully localized the game in number of Asian countries which accelerated the growth

Source: Company information

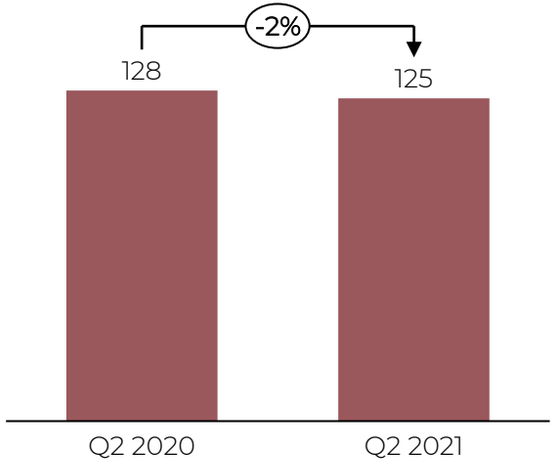
1) For platform and geography splits corresponding shares in management accounts were used

Key Operating Highlights

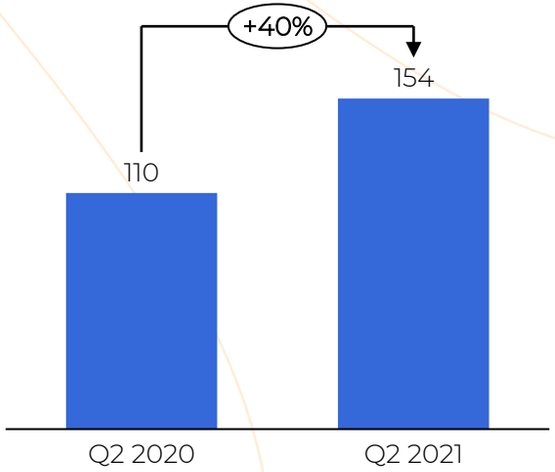
Monthly paying users [1]
('000 users)

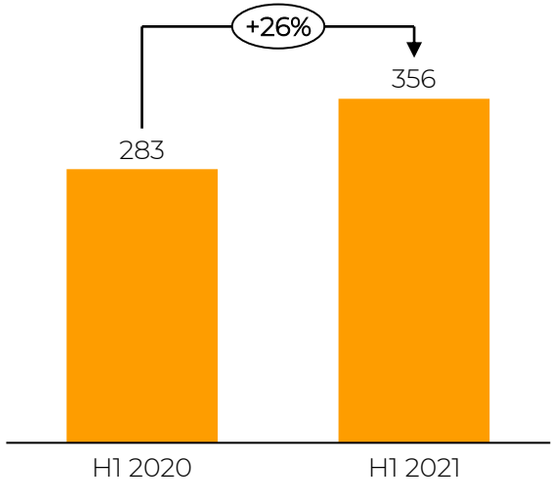


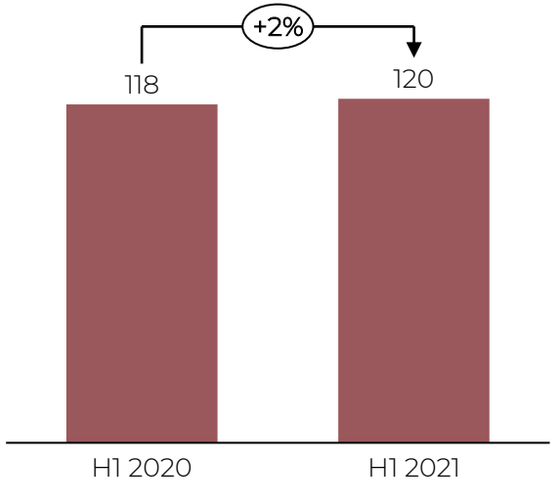
Average bookings per paying user [2]
($/month)

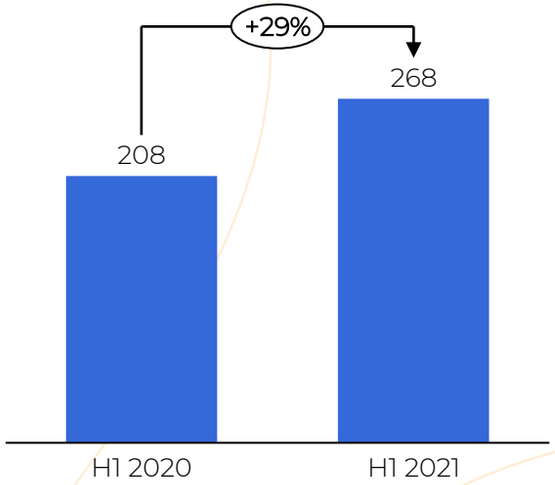


Bookings
($m)





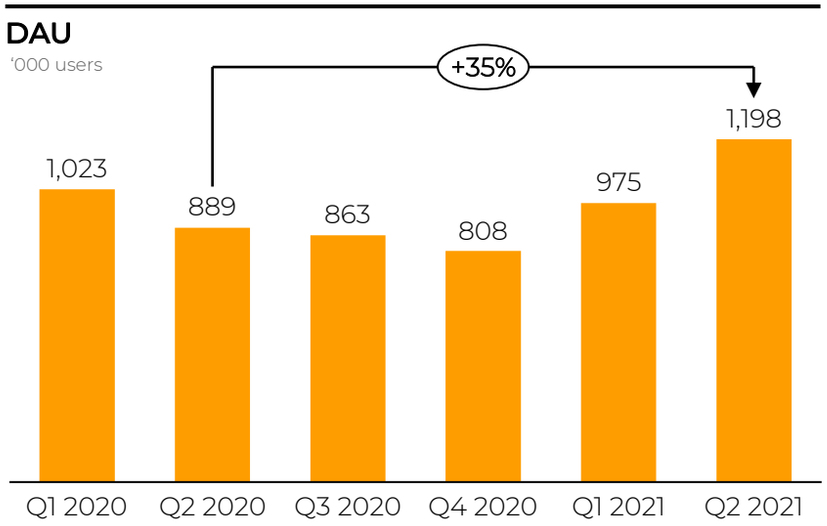


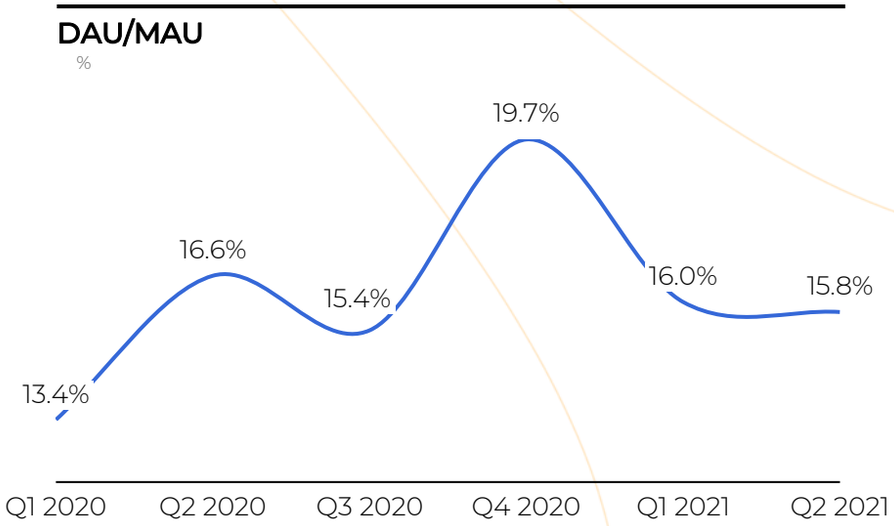


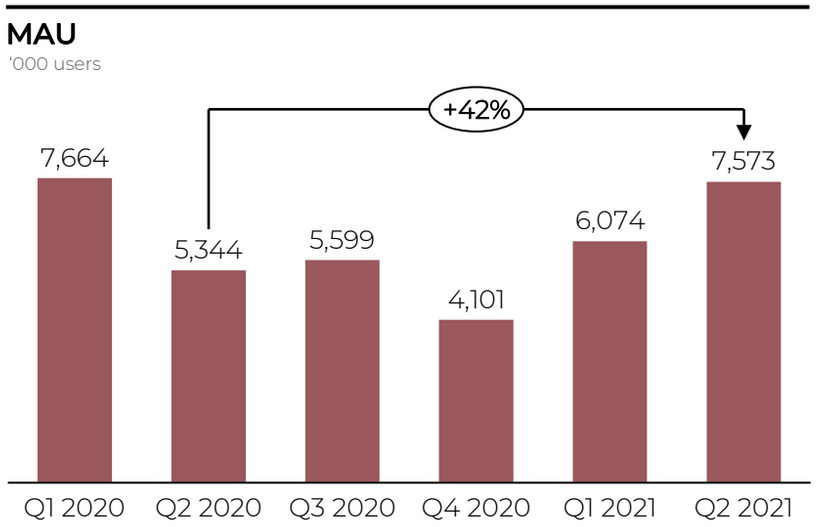
- Strong growth in bookings in Q1 and Q2 2021 reflects MPUs and ABPPU dynamics
- Significant growth in MPUs driven by record high investment in user acquisition in H1 2021
- In Q2 2021 ABPPU on a blended basis was slightly diluted as compared to Q2 2020 on the back of massive inflow of new payers with lower ABPPU in the beginning of their lifespan

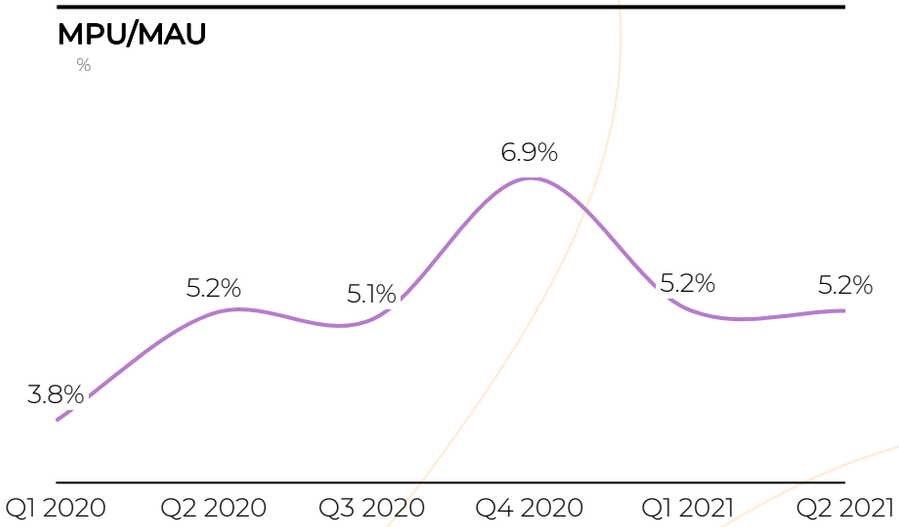
Source: Company information
(1) The Company defines Monthly Paying Users, or MPUs, as the number of individuals who made a purchase of a virtual item at least once on a particular platform in the 30-day period ending with the measurement date; Quarterly MPU is the average of MPUs for each month for the 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
Reflects corrections to the amounts reported in the Company's previous filings with the SEC due to the identification of an immaterial error relating to the calculation of withholding taxes in 2020 and other insignificant adjustments identified in the course of the financial reporting closing process as of June 30, 2021. For further information, see Note 4 (Use of judgements and estimates—Immaterial error) to the Company's interim condensed consolidated financial statements for the six months ended June 30, 2021 as filed with the SEC on September 22, 2021

Rapid growth in user base under healthy conversion rates









- DAU and MAU grew YoY on the back of UA investments
- Conversion from monthly to daily users and from players to payers was relatively flat YoY despite more significant UA spent
- Engagement metrics are staying strong despite post-Covid

Three new content-oriented titles in 2021 pipeline

Chibi Island



- Casual farm game
- Official released in the end of July after successful soft launch in December 2020
- Good reception from players
- Soft launch showed the doubling of the retention and average play session length benchmarks set by Hero Wars

Puzzle Island



- Farming and adventure simulator
- Official soft launch planned on October 2021
- Tests show retention levels are in line with market levels

Riddle Island



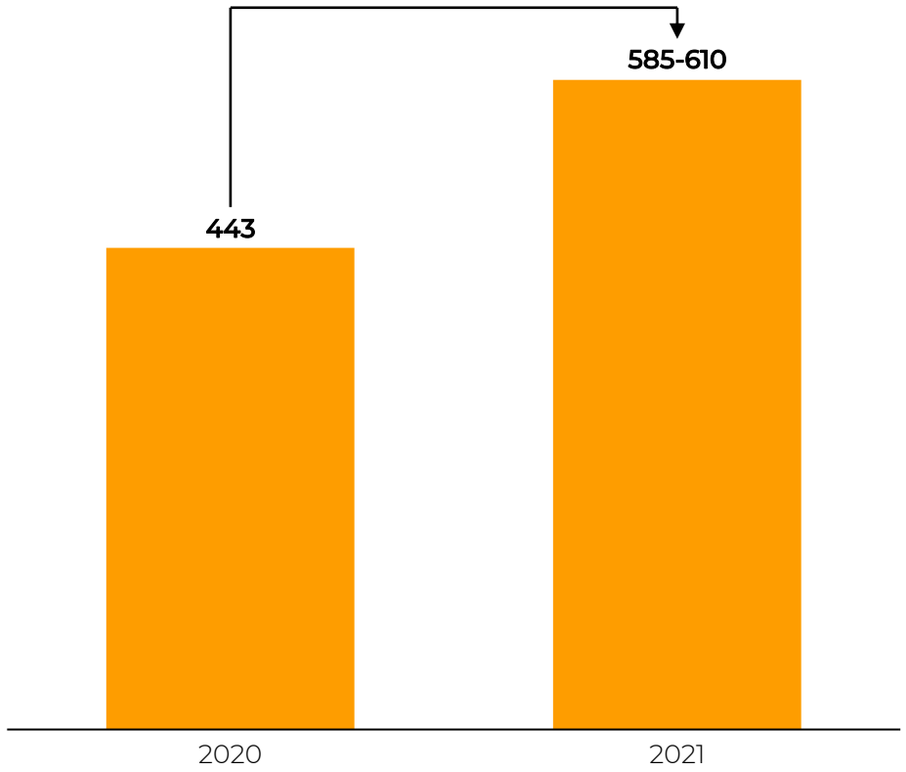
- Match-3 and adventure simulator
- Active preparation for soft launch to start analyzing retention and monetization curves

Guidance for 2021

(A)

Bookings

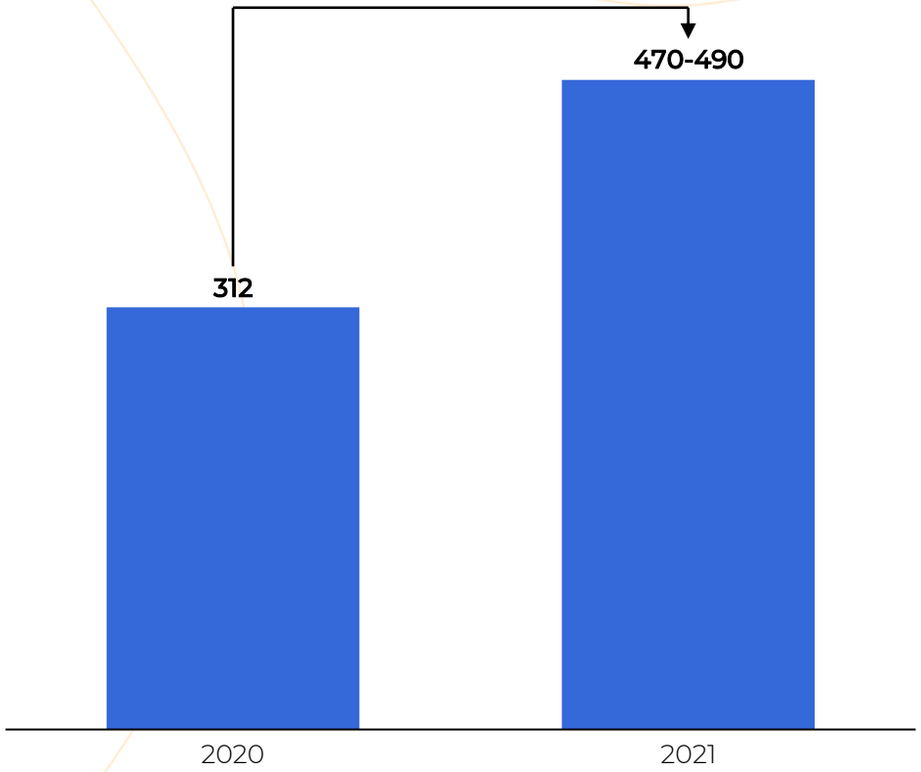
$ million



(B)

Adjusted costs and expenses [1]

$ million



Management profitability measure = (A) – (B)

1) The Company defines Adjusted costs and expenses as the total of platform commissions, game operating costs, selling and marketing expenses and general and administrative expenses for the period as shown in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) share-based compensation expense, (ii) net change in deferred platform commission fees, (iii) impairment of non-current assets, (iv) any gains and losses arising as result of business combinations and (v) other special items, which are infrequent in nature and/or outside of the normal operating business. Adjusted costs and expenses is a non-IFRS financial measure and should not be construed as an alternative to total comprehensive profit/loss for the year as an indicator of operating performance as determined in accordance with IFRS


Appendix

Balance Sheet

($ in thousands)

Assets	H1 2021	Q1 2021	FY 2020
Non-current assets			
Property and equipment	946	713	171
Intangible assets	128	129	76
Goodwill	1 473	1 465	-
Long-term deferred platform commission fees	105 227	95 117	89 562
Right-of-use-assets	1 921	2 275	1 044
Deferred tax assets	17	-	-
Total non-current assets	**109 712**	**99 699**	**90 853**
Current assets			
Trade and other receivables	64 882	45 845	32 974
Loans receivable	282	-	8
Other current assets	-	5	-
Cash and cash equivalents	40 898	99 912	84 557
Prepaid tax	3 083	3 074	3 137
Total current assets	**109 145**	**148 836**	**120 676**
TOTAL ASSETS	**218 857**	**248 535**	**211 529**
Liabilities and shareholders' equity			
Equity			
Share capital	27	27	27
Other reserves	8 112	8 329	8 289
Accumulated deficit	(193 500)	(123 289)	(111 451)
Total equity	**(185 361)**	**(114 933)**	**(103 135)**
Non-current liabilities			
Lease liabilities – non-current	568	499	818
Long-term deferred revenue	105 597	90 774	78 985
Total non-current liabilities	**106 165**	**91 273**	**79 803**
Current liabilities			
Short term loans	-	46	49
Lease liabilities – current	1 274	1 593	293
Trade and other payables	36 424	40 370	19 502
Tax liability	534	391	306
Deferred revenue	259 821	229 795	214 711
Total current liabilities	**298 053**	**272 195**	**234 861**
Total liabilities	**404 218**	**363 468**	**314 664**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**218 857**	**248 535**	**211 529**

Source: Company information

Profit and Loss Statement

($ in thousands)	H1 2021	H1 2020	Q2 2021	Q2 2020
Revenue	196 333	122 035	109 644	63 260
Costs and expenses, excluding depreciation and amortization				
Cost of revenue:				
Platform commissions	(53 990)	(35 774)	(29 510)	(18 418)
Game operation cost	(8 159)	(7 251)	(4 222)	(3 612)
Selling and marketing expenses	(155 472)	(73 353)	(90 745)	(30 973)
General and administrative expenses	(7 638)	(563)	(4 829)	(305)
Total costs and expenses, excluding depreciation and amortization	**(225 259)**	**(116 941)**	**(129 306)**	**(53 308)**
Depreciation and amortization	(1 068)	(232)	(609)	(150)
Loss from operations	**(29 994)**	**4 862**	**(20 271)**	**9 802**
Net finance income	(1 247)	(354)	633	816
Income/(loss) before income tax	**(31 241)**	**4 508**	**(19 638)**	**10 618**
Income tax expense	(554)	(389)	(370)	(209)
Income/(loss) for the year net of tax	(31 795)	4 119	(20 008)	10 409
Other comprehensive income/(loss)	(250)	2	(199)	3
Total comprehensive income/(loss) for the year net of tax	**(32 045)**	**4 121**	**(20 207)**	**10 412**
Earnings/(loss) per share:				
Basic and diluted earnings/(loss) per share, US$[1]	(1 590)	206	(1 000)	520

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)	H1 2021	H1 2020	Q2 2021	Q2 2020
Operating activities				
Income/(loss) for the year net of tax	(31 795)	4 119	(20 008)	10 409
Adjustments for:				
Depreciation and amortization	1 068	232	609	150
Share-based payments expense	705	24	315	12
Net finance income excluding bank charges	1 128	273	(697)	(854)
Income tax expense	554	389	370	209
	(28 340)	**5 037**	**(19 411)**	**9 926**
Changes in working capital:				
Increase in deferred platform commissions	(15 665)	(25 950)	(10 110)	(14 101)
Increase in deferred revenue	71 722	85 840	44 849	47 140
Increase in trade and other receivables	(31 602)	(14 677)	(18 299)	(2 323)
Increase in trade and other payables	14 721	(3 535)	(4 782)	(638)
	39 176	**41 678**	**11 658**	**30 078**
Income tax paid	(30)	-	34	-
Interest received	–	(7)	-	(7)
Net cash flows generated from operating activities	**10 806**	**46 708**	**(7 719)**	**39 997**
Investing activities				
Acquisition of intangible assets	(90)	-	(32)	-
Acquisition of property, plant and equipment	(449)	(49)	(323)	(37)
Acquisition of subsidiary net of cash acquired	(1 240)	-	(23)	-
Loans granted	(282)	-	(282)	-
Proceeds from repayment of loans	8	179	-	179
Net cash flows generated/(used in) investing activities	**(2 053)**	**130**	**(660)**	**142**
Financing activities				
Payments of lease liabilities	(940)	(242)	(390)	(142)
Interest on lease	(50)	(27)	(26)	(25)
Repayment of borrowings	(49)	(3 980)	(49)	6
Dividends paid and distribution to shareholders	(50 534)	(8 187)	(50 230)	(4 947)
Net cash flows used in financing activities	**(51 573)**	**(12 436)**	**(50 695)**	**(5 108)**
Net (decrease)/increase in cash and cash equivalents for the period	**(42 820)**	**34 402**	**(59 074)**	**35 031**
Cash and cash equivalents at the beginning of the year	84 557	17 565	99 912	17 105
Effect of changes in exchange rates on cash held	(839)	523	60	354
Cash and cash equivalents at the end of the year	**40 898**	**52 490**	**40 898**	**52 490**

Source: Company information

Reconciliation of non-IFRS measures

	H1 2021	H1 2020	Q2 2021	Q2 2020	FY2020
Platform commissions	53 990	35 774	29 510	18 418	75 188
Game operating costs	8 159	7 251	4 222	3 612	16 402
Selling and marketing expenses	155 472	73 353	90 745	30 973	165 756
General and administrative expenses	7 638	563	4 829	305	2 701
Add back change in deferred platform commissions	15 665	25 949	10 110	14 101	52 440
Less share-based compensation expense	(706)	(24)	(316)	(12)	(299)
Adjusted costs and expenses	**240 218**	**142 866**	**139 100**	**67 397**	**312 188**

Source: Company information