Q3 2022 Financial Results



Nexters Global

6 December 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 beyond the Company's control) or other assumptions. You should carefully consider the risks and uncertainties described in the "Risk Factors" section of the Company's registration statement on Form F-1, initially filed by the Company on September 22, 2021, as most recently amended, 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 provide useful information to investors about Nexters. 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.

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 unaudited

Key operating 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 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
- 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 measure

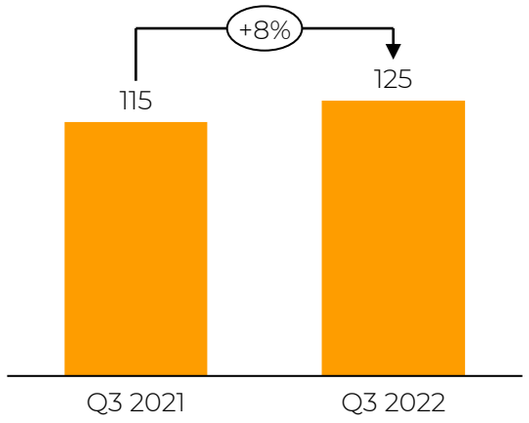
- Adjusted EBITDA. The Company defines Adjusted EBITDA as the net income/loss as presented in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) other comprehensive income/loss, (ii) loss for the period from discontinued operations, (iii) income tax expense, (iv) net finance income/expense, (v) change in fair value of share warrant obligations and other financial instruments, (vi) share of loss of equity-accounted associates, (vii) depreciation and amortization, (viii) share-based payments, and (ix) certain non-cash or other special items that we do not consider indicative of our ongoing operating performance. Adjusted EBITDA is a non-IFRS financial measure and should not be construed as an alternative to net income/loss as an indicator of operating performance as determined in accordance with IFRS.

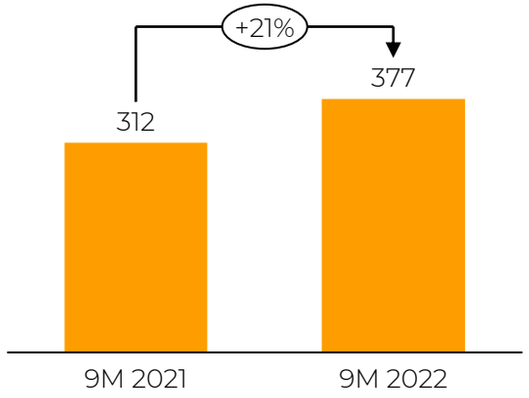

Key Highlights

Key financial highlights (1/2)

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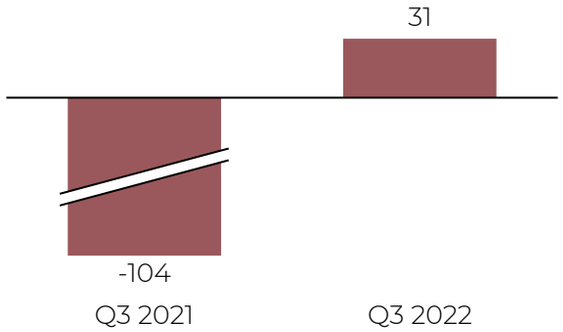
Revenue

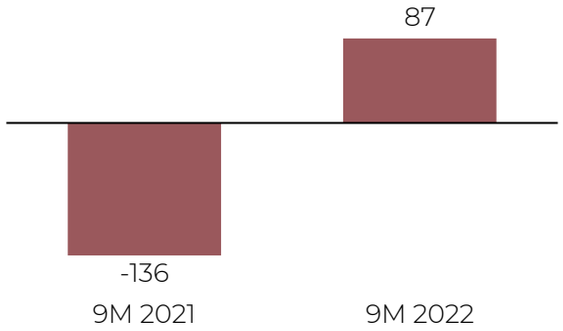




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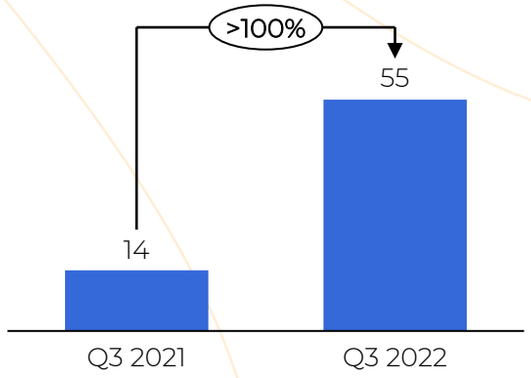
Net Income/ Loss

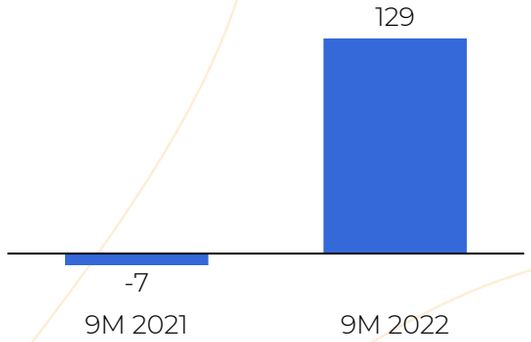




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Adjusted EBITDA





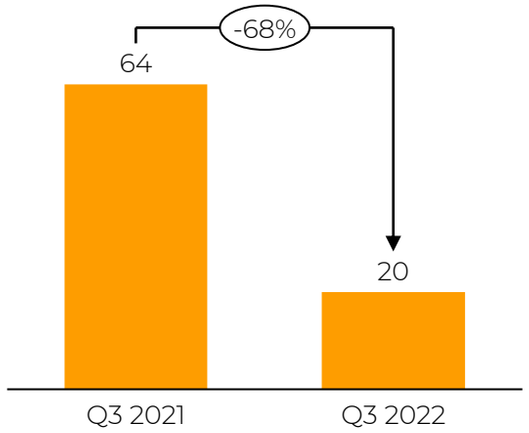
- Revenue increased by 21% YoY in 9M 2022 and by 8% YoY in Q3 2022 driven primarily by a decrease in change of deferred revenues and partially offset by a decrease in bookings
- Net income amounted to $87m in 9M 2022 and $31m in Q3 2022
- Adjusted EBITDA amounted to $129m in 9M 2022 and $55m in Q3 2022

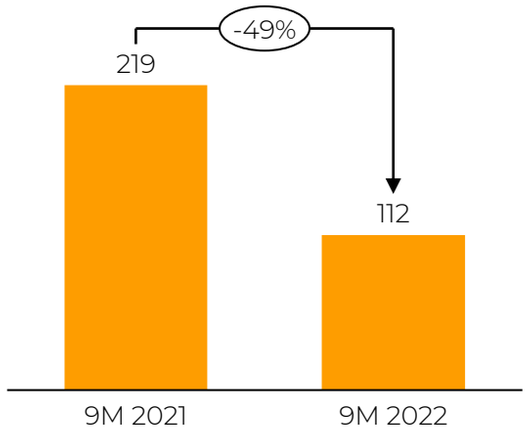
Source: Company information (unaudited)

Key financial highlights (2/2)

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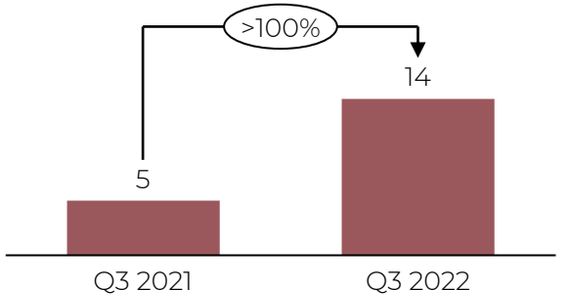
Selling and Marketing Expenses

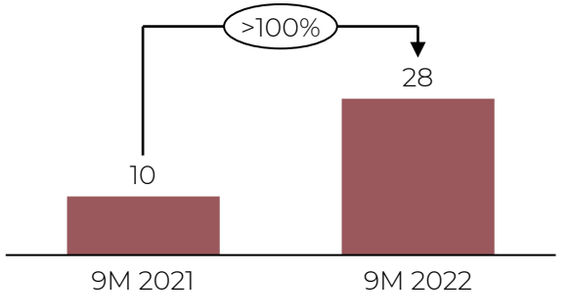




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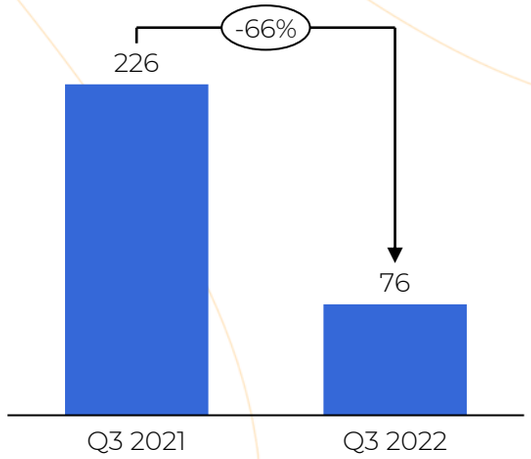
G&A Expenses

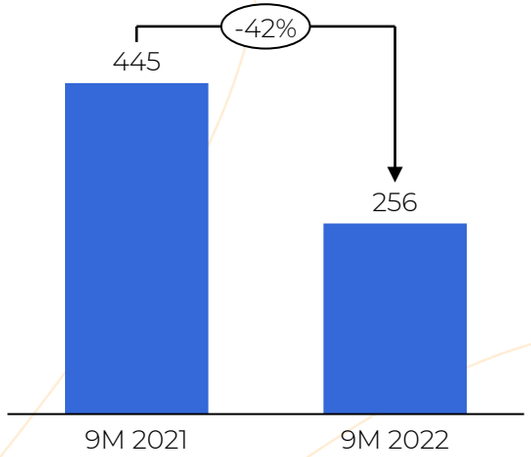




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Total Costs and Expenses, excl. D&A





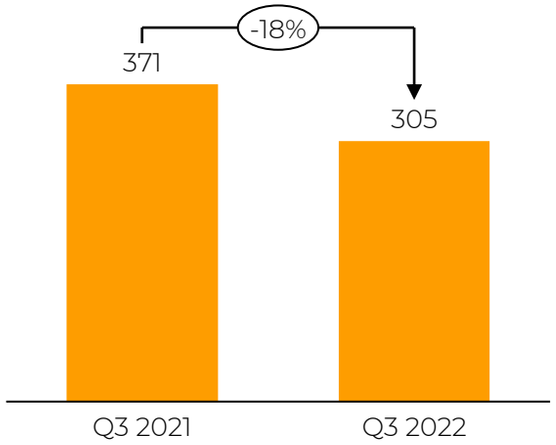
- Selling and marketing expenses decreased by 49% YoY in 9M 2022 and by 68% in Q3 2022 mainly due to the massive scaling of UA investments into new players both in 9M 2021 and Q3 2021 amplified by a substantial decrease in UA investments in 9M 2022 and Q3 2022 driven by the general saturation of the market as well as the suspension of our marketing activities in Russia and Belarus
- G&A expenses increased by $17m in 9M 2022 and by $9m in Q3 2022 driven by (i) the loss on disposal of discontinued operations; ii) expected credit losses associated with loans provided to equity associates; iii) an increase in personnel and other expenses (either due to increased operation scale during 2H 2021, special costs related to personnel relocation and/ or costs related to the reduction in headcount)

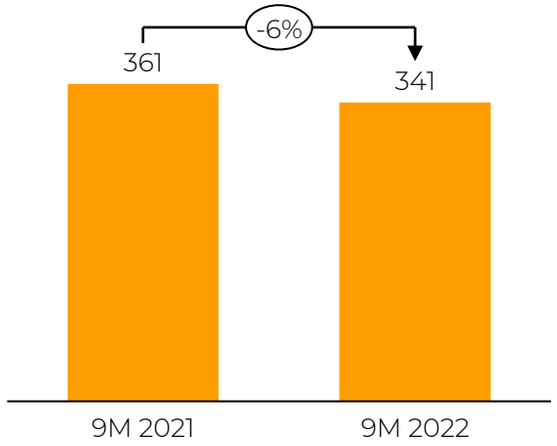
Source: Company information (unaudited)

Key operating highlights

'000 users

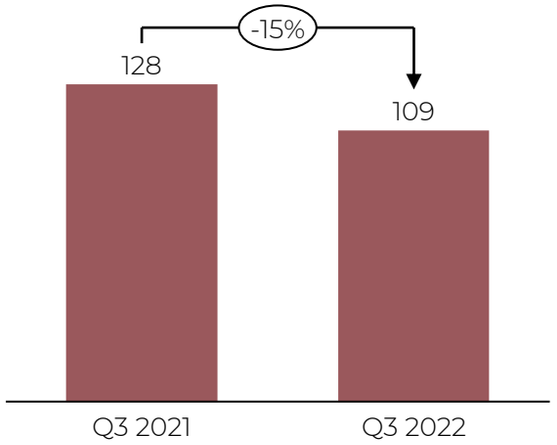
Monthly Paying Users (1)

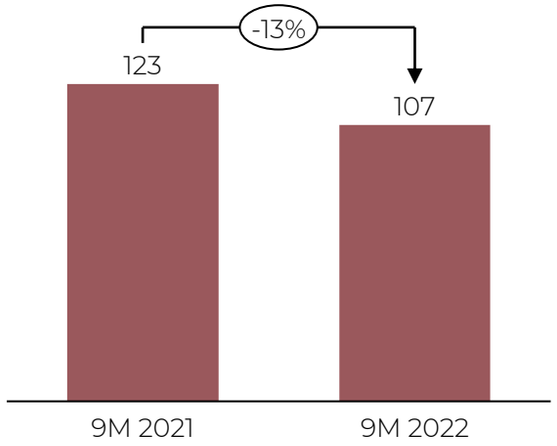




$/month

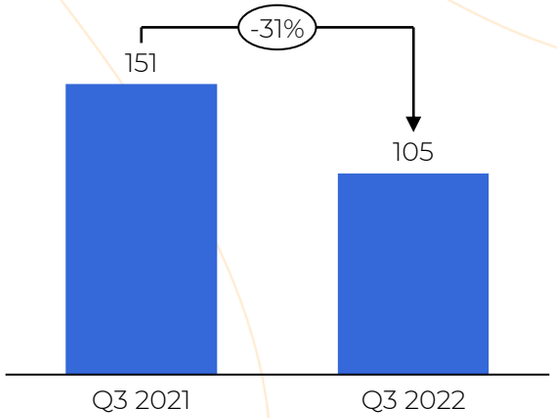
Average Bookings Per Paying User (2)

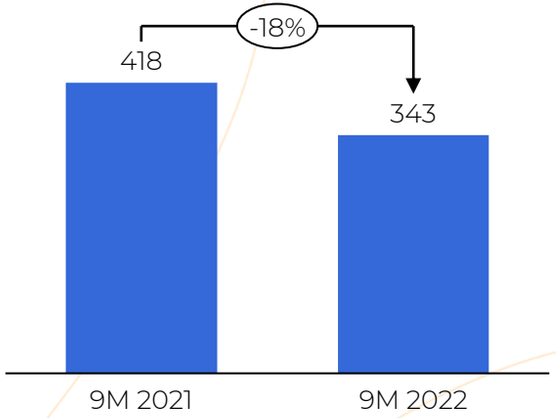




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Bookings





- 2021 was characterized by a relatively high UA investment, which led to high growth in MPUs.
- The decrease in UA investments for the majority of 2022 resulted in a corresponding decrease in MPUs

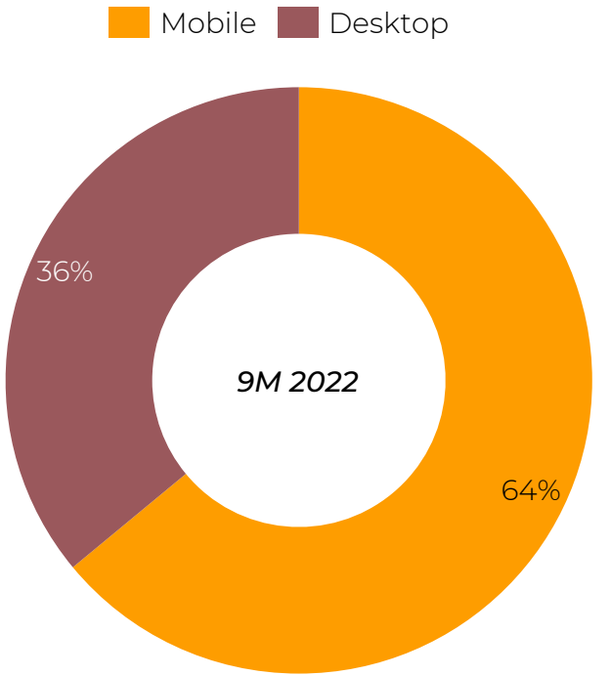
Source: Company information (unaudited)

(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

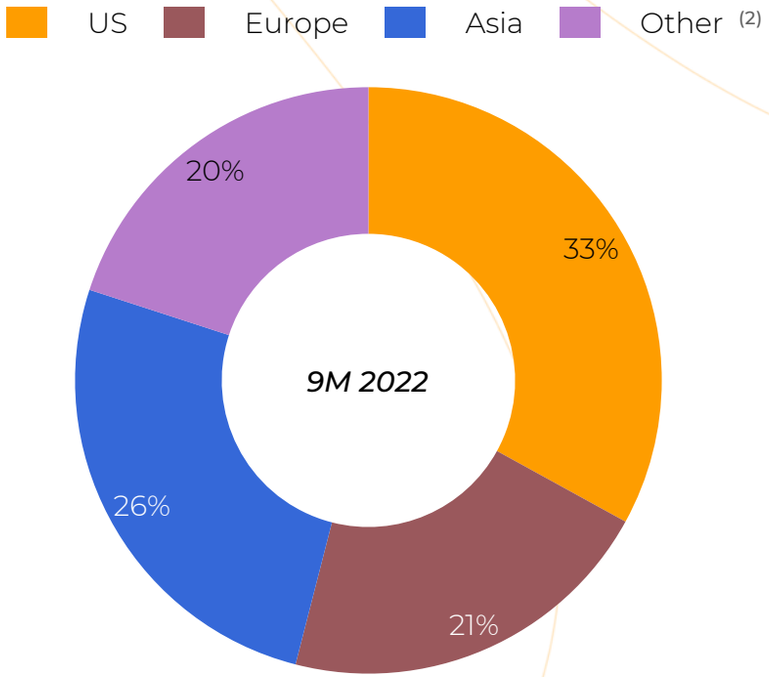
(2) The Company defines Average Bookings Per Paying User, or ABPPU, as its total Bookings attributable to in-game purchases in a given period, divided by the number of months in that period, divided by the average number of MPUs during the period

Platform and geographic split

Split by Platform (1)



Split by Geography (1)



- The share of desktop versions of our games increased by 4 p.p. in 9M 2022 enabling us to access a wider audience and expanding our addressable market
- Split of bookings by geography in 9M 2022 remained broadly similar to the split in 9M 2021 with some increase of USA and Asia shares

Source: Company information (unaudited)
1) Corresponding shares are calculated based on sales contracts generated from in-game purchases and in-game advertising for a given period
2) Starting Q2 2022 the FSU category was merged into Other due to the fact that its share in the total bookings was substantially decreasing over time and it does not have any strategic importance going forward as a result of all the investments into the user acquisition have been suspended since February 2022.



Appendix

Balance Sheet

($ in thousands)

Assets	Sep 30, 2022	Dec 31, 2021
Non-current assets		
Property and equipment	680	1,352
Intangible assets	14,297	266
Investments in equity accounted associates	17,719	—
Goodwill	49,241	1,501
Long-term deferred platform commission fees	96,421	116,533
Right-of-use assets	1,670	2,050
Deferred tax asset	24	25
Other non-current assets	1,960	107
Loans receivable - non-current	25,625	—
Total non-current assets	**207,637**	**121,834**
Current assets		
Indemnification asset	3,267	—
Trade and other receivables	36,513	45,087
Loans receivable	594	123
Cash and cash equivalents	131,526	142,802
Prepaid tax	3,421	3,137
Total current assets	**175,321**	**191,149**
TOTAL ASSETS	**382,958**	**312,983**
Liabilities and shareholders' equity		
Equity		
Share capital	—	—
Other reserves	169,625	166,405
Accumulated deficit	(243,234)	(327,497)
Equity attributable to equity holders of the Company	**(73,609)**	**(161,092)**
Non-controlling interest	—	44
Total equity	**(73,609)**	**(161,048)**
Non-current liabilities		
Lease liabilities - non-current	602	1,103
Long-term deferred revenue	103,273	128,074
Share warrant obligations	13,641	22,029
Put option liabilities	14,780	—
Other non-current liabilities	12,454	—
Total non-current liabilities	**144,750**	**151,206**
Current liabilities		
Lease liabilities - current	715	831
Trade and other payables	16,977	26,573
Provisions for non-income tax risks	1,381	—
Tax liability	6,776	814
Deferred revenue	285,968	294,607
Total current liabilities	**311,817**	**322,825**
TOTAL LIABILITIES	**456,567**	**474,031**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**382,958**	**312,983**

Source: Company information (unaudited)

Profit and Loss Statement

($ in thousands)	9M 2022	9M 2021	Q3 2022	Q3 2021
Revenue	**376,638**	**311,510**	**124,801**	**115,177**
Costs and expenses, excluding depreciation and amortization				
Cost of revenue:				
Platform commissions	(102,710)	(84,707)	(33,871)	(30,717)
Game operation cost	(14,481)	(5,540)	(7,884)	(1,745)
Selling and marketing expenses	(111,561)	(219,154)	(20,240)	(63,682)
General and administrative expenses	(27,660)	(10,348)	(13,980)	(4,873)
Share listing expense	—	(125,438)	—	(125,438)
Total costs and expenses, excluding depreciation and amortization	**(256,412)**	**(445,187)**	**(75,975)**	**(226,455)**
Depreciation and amortization	(3,508)	(358)	(1,221)	(110)
Profit/ (loss) from operations	**116,718**	**(134,035)**	**47,605**	**(111,388)**
Finance income/ (expense), net	(1,412)	(1,918)	(1,805)	(800)
Change in fair value of share warrant obligations and other financial instruments	2,486	13,637	(4,782)	13,637
Share of loss of equity-accounted associates	(5,845)	—	(4,205)	—
Profit/(loss) before income tax	**111,947**	**(122,316)**	**36,813**	**(98,551)**
Income tax expense	(4,172)	(788)	(2,147)	(264)
Profit/(loss) for the period from continuing operations, net of tax	**107,775**	**(123,104)**	**34,666**	**(98,815)**
Discontinued operations				
Loss for the period from discontinued operations, net of tax	(23,405)	(12,391)	(3,034)	(4,886)
Profit/(loss) for the period, net of tax	**84,370**	**(135,495)**	**31,632**	**(103,701)**
Attributable to equity holders of the Company	84,263	(135,495)	31,200	(103,701)
Attributable to non-controlling interest	107	—	432	—
Other comprehensive income/(loss)	2,307	(392)	(870)	(142)
Total comprehensive income/(loss) for the period, net of tax	**86,677**	**(135,887)**	**30,762**	**(103,843)**
Attributable to equity holders of the Company	86,570	(135,887)	30,330	(103,843)
Attributable to non-controlling interest	107	—	432	—
Earnings/(loss) per share:				
Basic and diluted earnings/(loss) per share, US$[1]	**0.43**	**(0.77)**	**0.16**	**(0.59)**

Source: Company information (unaudited)

(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)	9M 2022	9M 2021	Q3 2022	Q3 2021
Operating activities				
Profit/(loss) for the period, net of tax	84,370	(135,495)	31,632	(103,701)
Adjustments for:			-	
Depreciation and amortization	5,359	1,713	1,742	645
Share-based payments expense	3,007	126,349	978	125,644
Share of loss of equity-accounted associates	5,845	—	4,205	—
Expected credit losses	5,868	—	2,009	—
Property and equipment write-off	402	—	89	—
Impairment of intangible assets	492	—	251	—
Change in fair value of share warrant obligations	(2,486)	(13,637)	4,782	(13,637)
Unwinding of discount on the put option liability	172	—	71	—
Interest income	(871)	—	(537)	—
Interest expense	102	54	25	4
Lease modification gain	(27)	—	(27)	—
Loss on sale of discontinued operations	4,969	—	4,969	—
Foreign exchange loss/(gain)	2,338	1,821	1,559	743
Income tax expense	4,409	845	2,317	291
	113,949	(18,350)	54,065	9,989
Changes in working capital:				
Decrease/(increase) in deferred platform commissions	20,112	(23,597)	9,019	(7,932)
(Decrease)/increase in deferred revenue	(33,440)	106,712	(20,066)	34,990
(Increase)/decrease in trade and other receivables	8,852	(15,261)	10,980	16,341
(Decrease)/increase in trade and other payables	(9,560)	12,480	6,208	(2,241)
	(14,036)	80,334	6,141	41,158
Income tax (paid)/received	(633)	(135)	(431)	(105)
Net cash flows generated from/(used in) operating activities	**99,280**	**61,849**	**59,775**	**51,042**
Investing activities				
Acquisition of intangible assets	(91)	(145)	16	(55)
Acquisition of property and equipment	(840)	(710)	(324)	(261)
Acquisition of subsidiary net of cash acquired	(54,112)	(1,240)	(4,090)	—
Investments in equity accounted associates	(17,970)	—	(2,970)	—
Loans granted	(31,489)	—	(13,703)	282
Proceeds from repayment of loans	307	8	182	—
Disposal of discontinued operations, net of cash disposed of	(4,529)	—	(4,529)	—
Net cash flows used in investing activities	**(108,724)**	**(2,087)**	**(25,418)**	**(34)**
Financing activities				
Payments of lease liabilities	(1,900)	(1,367)	(462)	(427)
Proceeds from borrowings	374	(49)	209	—
Interest on lease	(102)	(54)	(25)	(4)
Dividends paid and distribution to shareholders	—	(155,684)	—	(105,150)
Cash acquired in the Transaction	—	119,659	—	119,659
Net cash flows used in financing activities	**(1,628)**	**(37,495)**	**(278)**	**14,078**
Net (decrease)/increase in cash and cash equivalents for the period	**(11,072)**	**22,267**	**34,079**	**65,086**
Cash and cash equivalents at the beginning of the period	142,802	84,557	99,077	40,898
Effect of changes in exchange rates on cash held	(204)	(1,371)	(1,630)	(531)
Cash and cash equivalents at the end of the period	**131,526**	**105,453**	**131,526**	**105,453**

Source: Company information (unaudited)

Reconciliation of the net income/loss to the Adjusted EBITDA

(US$ million)	Q3 2022	Q3 2021	9M 2022	9M 2021
Net income/(loss)	31	(104)	87	(136)
Add back:				
Other comprehensive (income)/loss	0.9	0.1	(2)	0.4
Loss on sale of discontinued operations	5	—	5	—
Loss for the period from discontinued operations	3	5	23	12
Tax expense	2	0.3	4	0.8
Finance (income)/expense, net	2	0.8	1	2
Change in fair value of share warrant obligations and other financial instruments	5	(14)	(2)	(14)
Share of loss of equity-accounted associates	4	—	6	—
Listing expense	—	125	—	125
D&A	1	0.1	4	0.4
Share based payments	1	0.2	3	0.9
Impairment of intangible assets	0.3	—	0.5	—
Adjusted EBITDA	55	14	129	(7)

Source: Company information (unaudited)