



Q2 2022 Financial Results

Nexters Global

28 September 2022



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

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

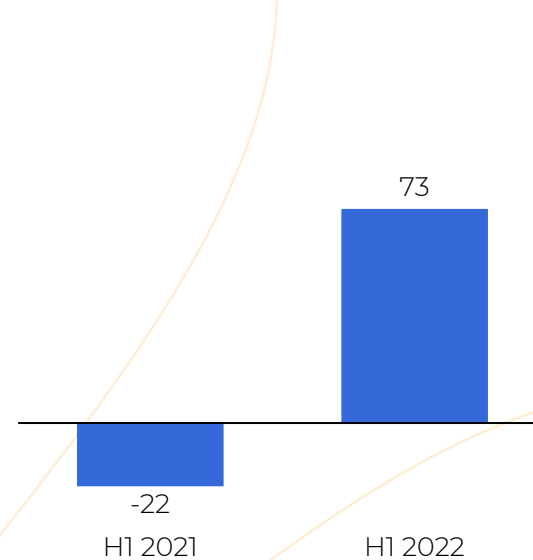
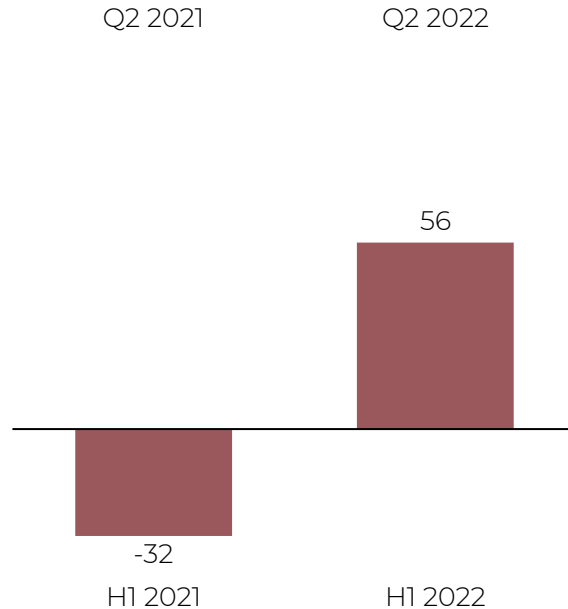
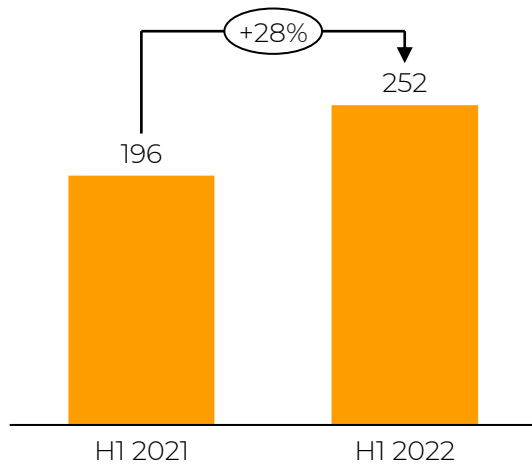
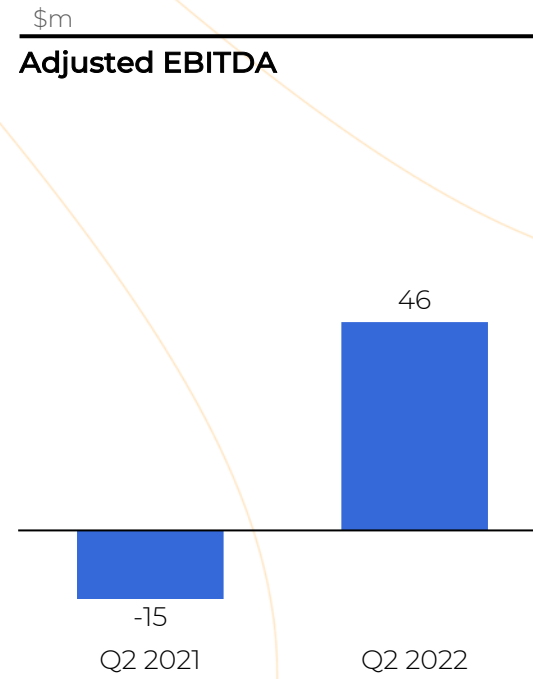
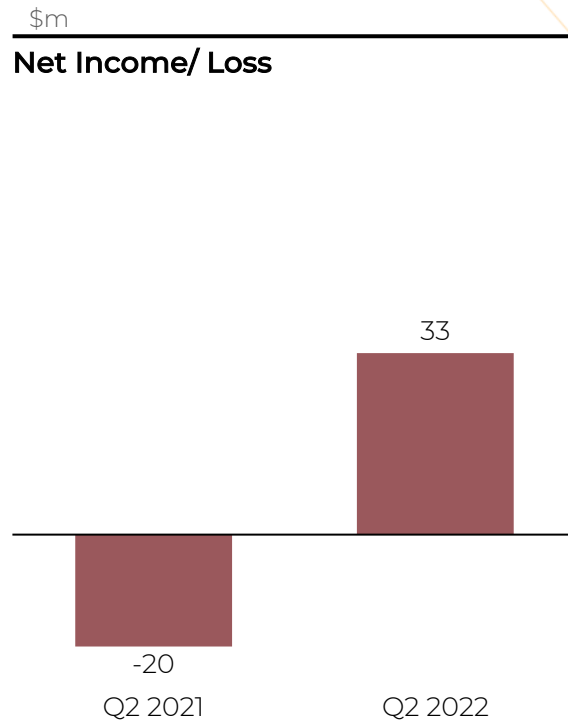
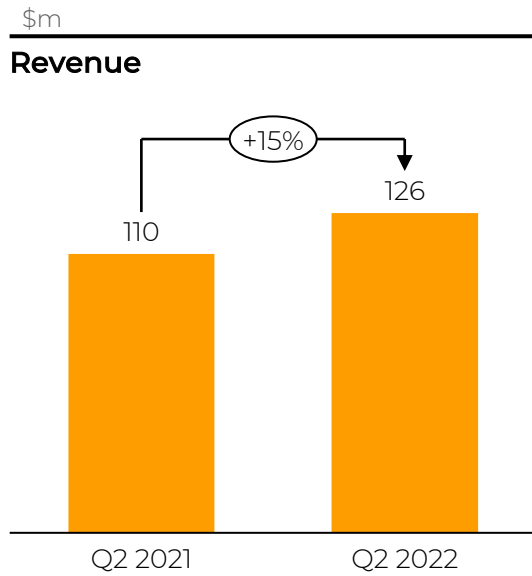
- ✦ Adjusted EBITDA. The Company defines Adjusted EBITDA as the net income/loss as presented in the Company's financial statements in accordance with IFRS, adjusted to exclude (i) other comprehensive income/loss, (ii) loss for the period from discontinued operations, (iii) income tax expense, (iv) net 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, and (viii) share-based payments. 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

- ✦ On June 29, 2022 Nexters announced changes to its headcount which impacted 235 employees located in Russia, Cyprus and other countries
- ✦ The Board of Directors resolved on July 11, 2022 to intensify the Company's relocation program to Cyprus, Armenia, and certain other "safe-harbor" countries and to divest its Russia-based subsidiaries
- ✦ As of August 31, 2022 Nexters has fully divested its Russian operations which share of assets in Nexters Group's total assets amounted to 3.7% as of June 30, 2022
- ✦ Nexters announced changes to its Board of Directors:
 - ✦ Marie Holive, Olga Loskutova and Tal Shoham were elected at its 2022 annual general meeting as new independent directors
 - ✦ Natasha Braginsky Mounier has been elected by Nexters' newly composed Board of Directors as Chairperson of the Board
 - ✦ Marie Holive will serve as a Chairperson of the Audit Committee and Olga Loskutova will serve as a Member of the Nomination and Compensation Committee. With these changes, all of Nexters' committees consist of independent directors only

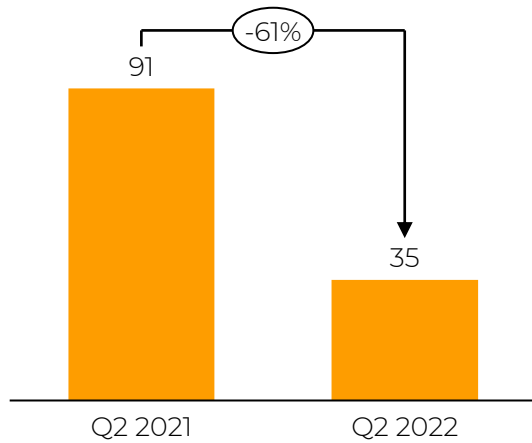
Key financial highlights (1/2)



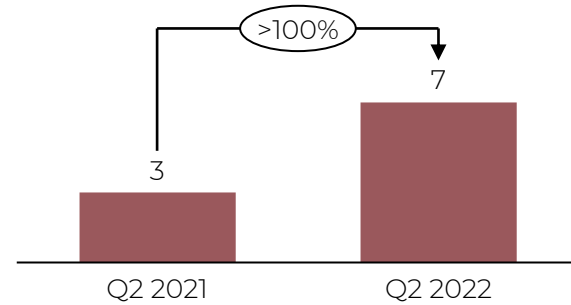
- ✦ Revenue increased by 28% YoY in H1 2022 and by 15% YoY in Q2 2022 driven primarily by a decrease in change of deferred revenues during the respective periods vs the same periods in the prior year and partially offset by a decrease in bookings
- ✦ Net income in H1 2022 and in Q2 2022 of \$56m and \$33m respectively
- ✦ Adjusted EBITDA amounted to \$73m in H1 2022 and \$46m in Q2 2022

Key financial highlights (2/2)

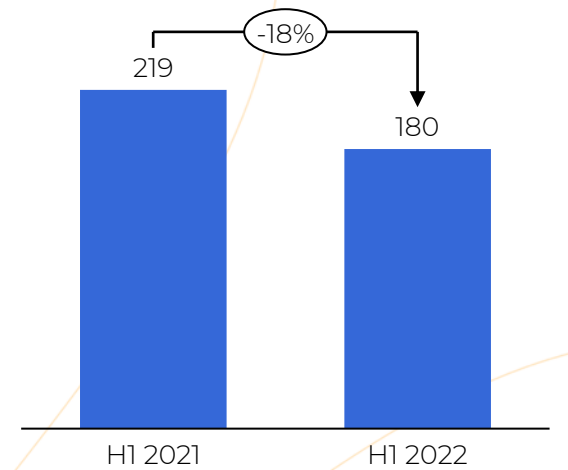
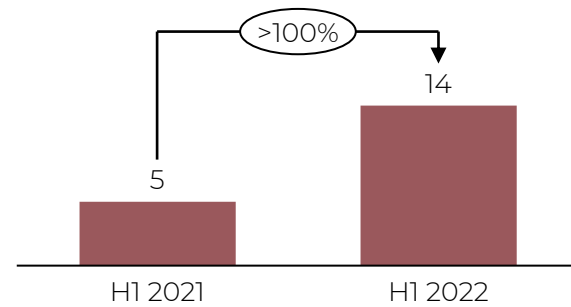
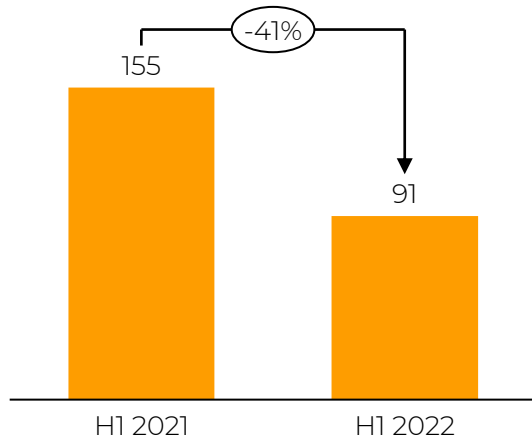
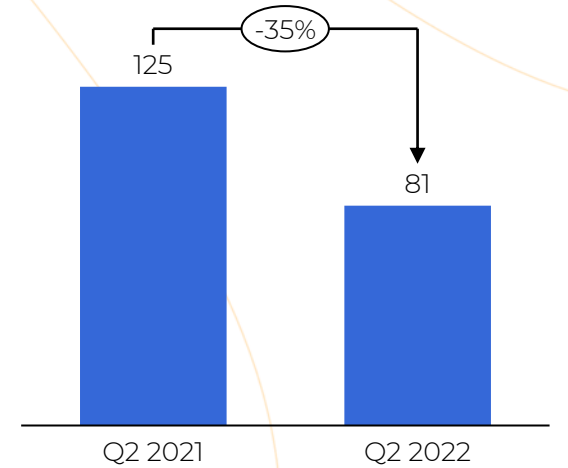
\$m
Selling and Marketing Expenses



\$m
G&A Expenses



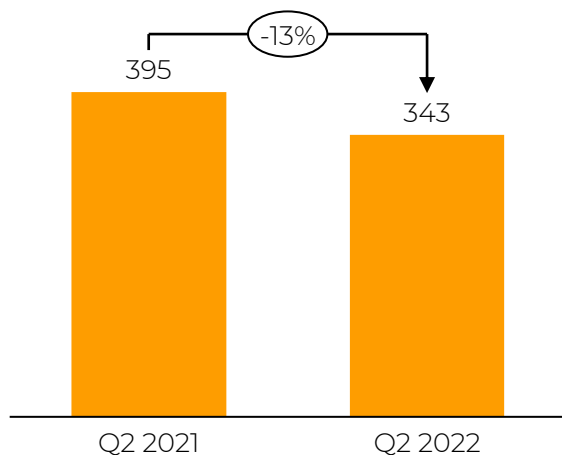
\$m
Total Costs and Expenses, excl. D&A



- ✦ Selling and marketing expenses decreased by 41% YoY in H1 2022 and by 61% in Q2 2022 mainly due to the massive scaling of UA investments into new players both in H1 2021 and Q2 2021 amplified by a substantial decrease in UA investments in H1 2022 and Q2 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 \$8m in H1 2022 and by \$4m in Q2 2022 driven by an increase in personnel and other expenses associated with listing on NASDAQ and increase in the scale of our operations as well as by the special costs related to the reduction of personnel in Q2 2022

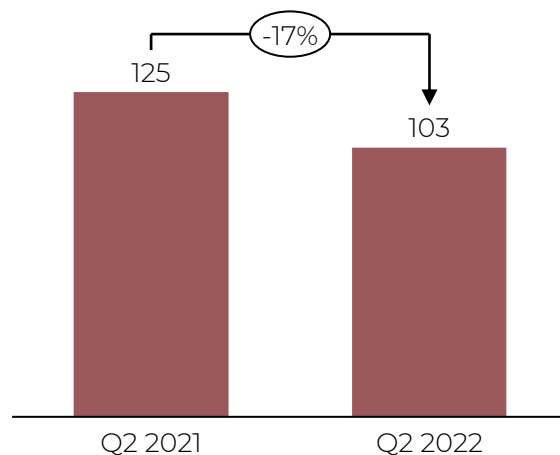
'000 users

Monthly Paying Users ⁽¹⁾



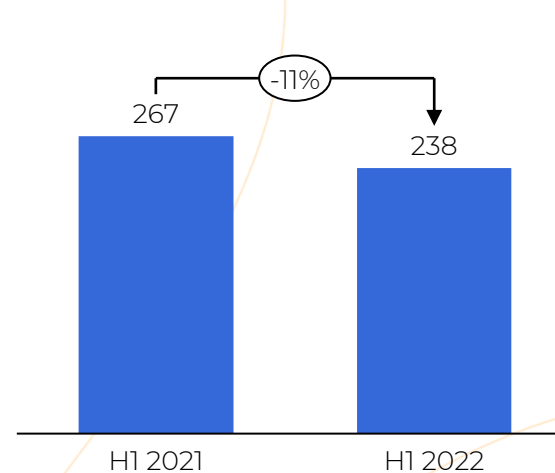
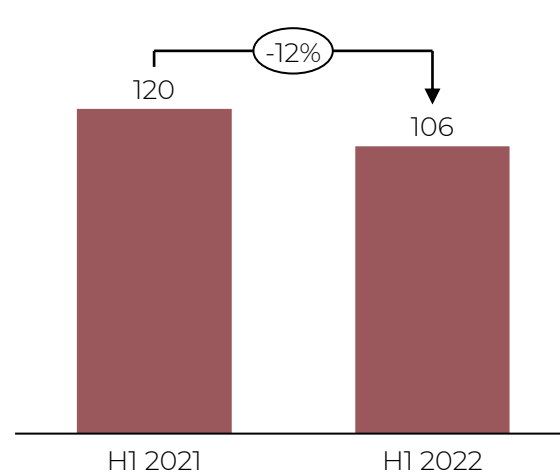
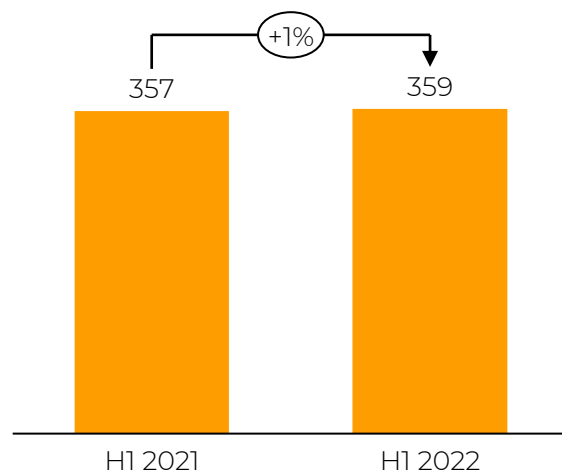
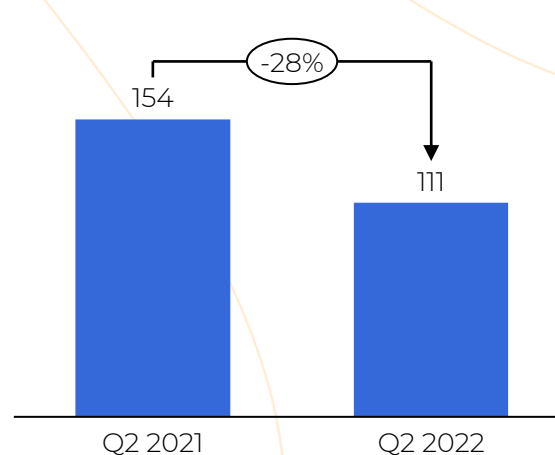
\$/month

Average Bookings Per Paying User ⁽²⁾



\$m

Bookings



✦ H1 2021 and Q2 2021 were characterized by a record high UA investment, which led to high growth in MPUs. The decrease in UA investments in Q2 2022 resulted in a corresponding decrease in MPUs, which reached 343k in Q2 2022 vs 395k in Q2 2021 (a decline of 13%), while for H1 2022 MPU remained relatively stable at 359k compared to the 356k in H1 2021

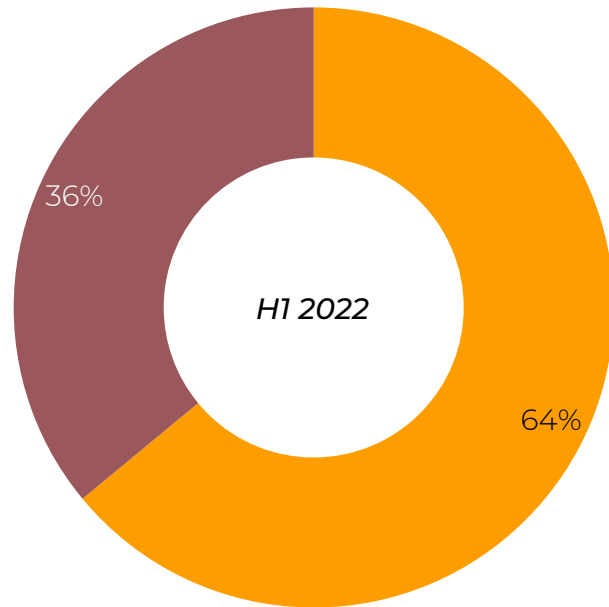
Source: Company information (unaudited)

(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

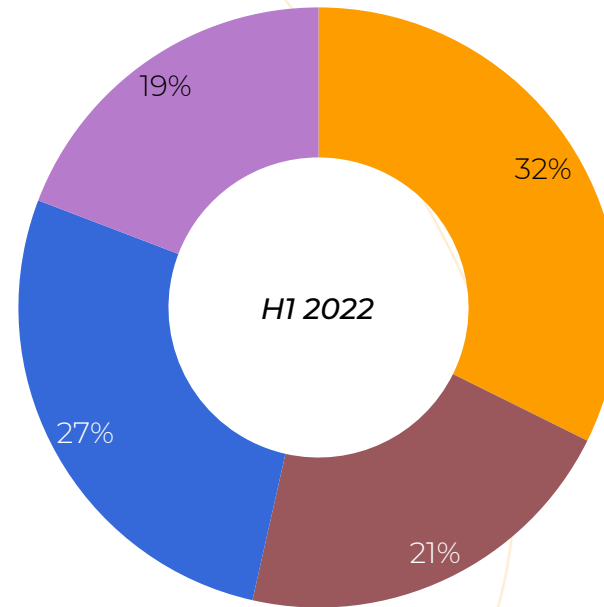
Split by Platform ⁽¹⁾

Mobile Desktop



Split by Geography ⁽¹⁾

US Europe Asia Other ⁽²⁾



- ✦ The share of desktop versions of our games increased by 3 p.p. in H1 2022 enabling us to access a wider audience and expanding our addressable market
- ✦ Split of bookings by geography in H1 2022 remained broadly similar to the split in H1 2021 with slight increase of Asia share



Appendix

Balance Sheet



(\$ in thousands)	Jun 30, 2022	Dec 31, 2021
Assets		
Non-current assets		
Property and equipment	627	1,352
Intangible assets	15,553	266
Investments in equity accounted associates	22,051	—
Goodwill	48,900	1,501
Long-term deferred platform commission fees	105,440	116,533
Right-of-use assets	1,622	2,050
Deferred tax asset	—	25
Other non-current assets	6,161	107
Loans receivable - non-current	14,450	—
Total non-current assets	214,804	121,834
Current assets		
Assets included in disposal group classified as held for sale	13,776	—
Indemnification asset	3,267	—
Trade and other receivables	46,229	45,087
Loans receivable	356	123
Cash and cash equivalents	91,378	142,802
Prepaid tax	3,444	3,137
Total current assets	158,450	191,149
TOTAL ASSETS	373,254	312,983
Liabilities and shareholders' equity		
Equity		
Share capital	—	—
Other reserves	169,517	166,405
Accumulated deficit	(274,434)	(327,497)
Equity attributable to equity holders of the Company	(104,917)	(161,092)
Non-controlling interest	(281)	44
Total equity	(105,198)	(161,048)
Non-current liabilities		
Lease liabilities - non-current	417	1,103
Long-term deferred revenue	110,981	128,074
Share warrant obligations	17,265	22,029
Put option liabilities	13,886	—
Other non-current liabilities	9,071	—
Total non-current liabilities	151,620	151,206
Current liabilities		
Liabilities included in disposal group classified as held for sale	3,589	—
Lease liabilities - current	886	831
Trade and other payables	18,989	26,573
Provisions for non-income tax risks	1,381	—
Tax liability	3,661	814
Deferred revenue	298,326	294,607
Total current liabilities	326,832	322,825
TOTAL LIABILITIES	478,452	474,031
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	373,254	312,983

Profit and Loss Statement



(\$ in thousands)	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	251,837	196,333	125,766	109,644
Costs and expenses, excluding depreciation and amortization				
<i>Cost of revenue:</i>				
Platform commissions	(68,839)	(53,990)	(35,388)	(29,510)
Game operation cost	(6,597)	(3,795)	(3,310)	(1,566)
Selling and marketing expenses	(91,321)	(155,472)	(35,027)	(90,745)
General and administrative expenses	(13,680)	(5,479)	(7,441)	(3,247)
Total costs and expenses, excluding depreciation and amortization	(180,437)	(218,736)	(81,166)	(125,068)
Depreciation and amortization	(2,287)	(248)	(1,374)	(106)
Profit/ (loss) from operations	69,113	(22,651)	43,226	(15,530)
Finance income/ (expense), net	393	(1,117)	1,612	711
Change in fair value of share warrant obligations and other financial instruments	7,268	—	576	—
Share of loss of equity-accounted associates	(1,640)	—	(3,296)	—
Income/(loss) before income tax	75,134	(23,768)	42,118	(14,819)
Income tax expense	(2,025)	(524)	(1,252)	(325)
Profit/(loss) for the period from continuing operations, net of tax	73,109	(24,292)	40,866	(15,144)
<i>Discontinued operations</i>				
Loss for the period from discontinued operations, net of tax	(20,371)	(7,506)	(11,538)	(4,866)
Profit/(loss) for the period, net of tax	52,738	(31,798)	29,327	(20,010)
Attributable to equity holders of the Company	53,063	(31,798)	29,634	(20,010)
Attributable to non-controlling interest	(325)	—	(307)	—
Other comprehensive income/(loss)	3,177	(250)	3,458	(202)
Total comprehensive income/(loss) for the period, net of tax	55,915	(32,048)	32,785	(20,212)
Attributable to equity holders of the Company	56,240	(32,048)	33,092	(20,212)
Attributable to non-controlling interest	(325)	—	(307)	—
<i>Earnings/(loss) per share:</i>				
Basic and diluted earnings/(loss) per share, US\$⁽¹⁾	0.28	(0.18)	0.17	(0.11)

Cash Flow Statement

(\$ in thousands)	H1 2022	H1 2021	Q2 2022	Q2 2021
Operating activities				
Profit/(loss) for the period, net of tax	52,738	(31,798)	29,327	(20,010)
Adjustments for:				
Depreciation and amortization	3,617	1,068	2,150	609
Share-based payments expense	2,029	705	964	315
Share of loss of equity-accounted associates	1,640	—	3,296	—
Expected credit losses	3,859	—	3,527	—
Property and equipment write-off	313	—	—	—
Impairment of intangible assets	241	—	241	—
Change in fair value of share warrant obligations	(7,268)	—	(576)	—
Unwinding of discount on the put option liability	101	—	34	—
Interest income	(334)	—	(235)	—
Interest expense	77	50	34	26
Foreign exchange loss/(gain)	779	1,078	(2)	(723)
Income tax expense	2,092	554	1,340	370
	59,884	(28,343)	40,100	(19,413)
Changes in working capital:				
Decrease/(increase) in deferred platform commissions	11,093	(15,665)	8,462	(10,110)
(Decrease)/increase in deferred revenue	(13,374)	71,722	(14,674)	44,849
(Increase)/decrease in trade and other receivables	(2,128)	(31,602)	842	(18,299)
(Decrease)/increase in trade and other payables	(15,768)	14,721	(13,558)	(4,782)
	(20,177)	39,176	(18,928)	11,658
Income tax (paid)/received	(202)	(30)	(76)	34
Net cash flows generated from/(used in) operating activities	39,505	10,803	21,096	(7,721)
Investing activities				
Acquisition of intangible assets	(107)	(90)	(100)	(32)
Acquisition of property and equipment	(516)	(449)	(11)	(323)
Acquisition of subsidiary net of cash acquired	(50,022)	(1,240)	—	(23)
Investments in equity accounted associates	(15,000)	—	1,586	—
Loans granted	(17,786)	(282)	(7,850)	(282)
Proceeds from repayment of loans	125	8	125	—
Net cash flows used in investing activities	(83,306)	(2,053)	(6,250)	(660)
Financing activities				
Payments of lease liabilities	(1,438)	(940)	(804)	(390)
Proceeds from borrowings	165	(49)	165	(49)
Interest on lease	(77)	(50)	(36)	(26)
Dividends paid and distribution to shareholders	—	(50,534)	—	(50,230)
Net cash flows used in financing activities	(1,350)	(51,573)	(675)	(50,695)
Net (decrease)/increase in cash and cash equivalents for the period	(45,151)	(42,823)	14,171	(59,076)
Cash and cash equivalents at the beginning of the period	142,802	84,557	83,704	99,912
Effect of changes in exchange rates on cash held	1,426	(836)	1,202	62
Cash and cash equivalents at the end of the period	99,077	40,898	99,077	40,898

Reconciliation of the net income/loss to the Adjusted EBITDA

\$m	Q2 2022	Q2 2021	H1 2022	H1 2021
Net income/ (loss)	33	(20)	56	(32)
Add back:				
Other comprehensive (income)/loss	(3)	0.2	(3)	0.3
Loss for the period from discontinued operations	12	5	20	8
Tax expense	1	0.3	2	0.5
Finance (income)/expense, net	(2)	(0.7)	(0.4)	1
Change in fair value of share warrant obligations and other financial instruments	(0.6)	-	(7)	-
Share of loss of equity-accounted associates	3	-	2	-
Depreciation and amortization	1	0.1	2	0.2
Share based payments	1	0.3	2	0.7
Adjusted EBITDA	46	(15)	73	(22)