

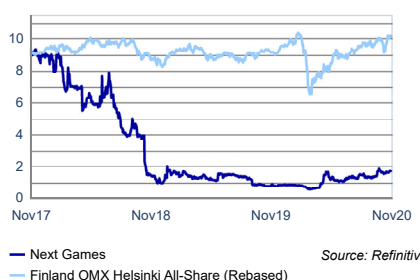
## Next Games

Telecom Equipment and IT  
Finland

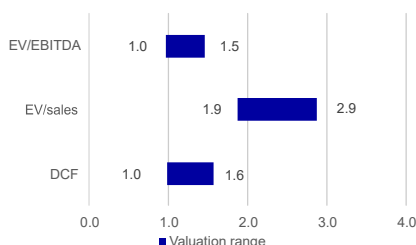
## KEY DATA

Stock country	Finland
Bloomberg	NXTGMS.FH
Reuters	NXTGMS.HE
Share price (close)	EUR 1.80
Free Float	100%
Market cap. (bn)	EUR 0.05/EUR 0.05
Website	s://www.nextgames.com/
Next report date	

## PERFORMANCE



## VALUATION APPROACH (EUR PER SHARE)



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-5%	-10%	-6%
EBIT (adj)	2%	0%	2%

Source: Nordea estimates

## Nordea Markets - Analysts

Sami Sarkamies  
Senior AnalystVeikkopekka Silvasti  
Analyst

## CMD is likely to bolster growth ambitions

Next Games will host a virtual CMD on Wednesday, 25 November to give an update on its strategy, goals and outlook. We believe the release date of the Stranger Things title could also be announced, and we expect additional colour on the management's ambitions regarding the title and how it aims to scale up the game. As Next Games has been able to limit cash burn and improve profitability during 2020, an additional funding round is unlikely. We want to stress the high-risk nature of the share, as Next Games' 2021-22 earnings and balance sheet resiliency depend highly on the performance of the Stranger Things title. We reiterate our fair value range of EUR 1.3-2.0 per share, due to low visibility into 2021 earnings.

## Great potential in Stranger Things and the future depends on it

Stranger Things is one of Netflix's most valuable IPs, with a massive fan base providing a natural user cohort for the upcoming game. The third season of Stranger Things had 64 million viewers in the first few weeks alone, making it the most watched show on Netflix in 2019. In 2020, Netflix has seen solid subscriber growth, further bolstering the potential fan base. The release date for the fourth season is still unknown, creating an extra risk factor for the success of the game, but our base case is that it will be in mid-2021. We expect the game to reach a peak of 1.2 million monthly active users and generate 2021 revenue of EUR 28m, almost half of total sales.

## Estimate revisions caused by revised game launch schedule

As the launch of the Stranger Things game will be later than we previously expected, we lower our 2020 sales estimate by 5% and delete one game launch from our 2021 estimates. As we expect Next Games to spend most of games revenue on acquiring users in 2021, our EBIT estimates remain fairly unchanged. For 2021, we find ourselves 6% above consensus on sales but slightly below on EBIT.

## Fair valuation range of EUR 1.3-2.0 per share reiterated

We derive a DCF-based fair value range of EUR 1.0-1.6 per share by applying a WACC of 11-15%, which reflects the high-risk nature of Next Games' future earnings. We complement our valuation methodology with a relative valuation, applying a 35% range to the median 2021E EV/sales and EV/EBITDA multiples of Western mobile gaming peers. Due to its low cash position and dependence on only two games, we apply an average discount of 25% to the Western peers' multiples. The average of these valuation approaches yields our fair value range of EUR 1.3-2.0.

## SUMMARY TABLE - KEY FIGURES

EURm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	31	32	35	35	29	61	70
EBITDA (adj)	-3	-3	-15	-3	0	4	7
EBIT (adj)	-3	-4	-17	-7	-4	-1	2
EBIT (adj) margin	-9.9%	-12.6%	-47.6%	-21.5%	-13.1%	-1.1%	3.2%
EPS (adj, EUR)	-0.06	-0.31	-0.98	-0.36	-0.15	-0.04	0.04
EPS (adj) growth	97.1%	-431.4%	-216.5%	63.7%	57.4%	74.0%	193.4%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	-0.8	0.4	0.7	1.8	0.9	0.7
EV/EBIT (adj)	n.a.	7.5	n.m.	n.m.	n.m.	n.m.	22.8
P/E (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	48.8
P/BV	n.a.	0.0	0.9	1.1	2.7	2.8	2.7
Dividend yield (ord)	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	n.m.	-92.9%	-29.4%	-4.9%	0.9%	2.5%
Net debt	-4	-27	-8	-1	2	1	0
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	2.8	0.4	0.0
ROIC after tax	-96.5%	-40.7%	-79.9%	-28.2%	-14.9%	-2.7%	9.9%

Source: Company data and Nordea estimates

# Detailed estimates and estimate revisions

## Sales estimates downgraded due to delayed game launch schedule

As the launch of the Stranger Things game will take place later than we previously expected, we cut 2020E sales by 5% and remove one game launch from our 2021 estimates. This leads to 10% and 6% lower sales for 2021E and 2022E, respectively. As we expect Next Games to spend most of its games revenue on user acquisition in 2021-22, we make only minor changes to our EBIT estimates. For 2021, we find ourselves 6% above consensus on sales, but slightly below on EBIT.

### ESTIMATE REVISIONS

EURm	New estimates				Old estimates				Difference %			
	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E
<b>Sales</b>	<b>14.9</b>	<b>29.3</b>	<b>60.5</b>	<b>69.6</b>	<b>16.5</b>	<b>30.9</b>	<b>67.4</b>	<b>74.1</b>	<b>-10%</b>	<b>-5%</b>	<b>-10%</b>	<b>-6%</b>
<b>EBITDA</b>	<b>0.2</b>	<b>0.6</b>	<b>3.5</b>	<b>6.5</b>	<b>0.1</b>	<b>0.5</b>	<b>3.5</b>	<b>6.5</b>	<b>60%</b>	<b>15%</b>	<b>0%</b>	<b>1%</b>
EBITDA margin	1%	2%	6%	9%	1%	2%	5%	9%	0.6pp	0.4pp	0.6pp	0.6pp
<b>Adj. EBITDA</b>	<b>0.2</b>	<b>0.6</b>	<b>3.5</b>	<b>6.5</b>	<b>0.1</b>	<b>0.5</b>	<b>3.5</b>	<b>6.5</b>	<b>60%</b>	<b>15%</b>	<b>0%</b>	<b>1%</b>
Adj. EBITDA margin	1%	2%	6%	9%	1%	2%	5%	9%	0.6pp	0.4pp	0.6pp	0.6pp
<b>EBIT</b>	<b>-1.8</b>	<b>-3.4</b>	<b>-0.6</b>	<b>2.2</b>	<b>-1.9</b>	<b>-3.5</b>	<b>-0.6</b>	<b>2.2</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>
EBIT margin	-12%	-12%	-1%	3%	-12%	-11%	-1%	3%	-0.7pp	-0.4pp	-0.1pp	0.2pp
<b>Adj. EBIT</b>	<b>0.0</b>	<b>0.1</b>	<b>3.0</b>	<b>6.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>3.0</b>	<b>6.0</b>	<b>71%</b>	<b>137%</b>	<b>0%</b>	<b>1%</b>
Adj. EBIT margin	0%	0%	5%	9%	-1%	0%	5%	8%	0.4pp	0.3pp	0.5pp	0.6pp
<b>Net income</b>	<b>-2.0</b>	<b>-3.8</b>	<b>-1.1</b>	<b>1.0</b>	<b>-2.1</b>	<b>-3.9</b>	<b>-1.1</b>	<b>1.2</b>	<b>4%</b>	<b>2%</b>	<b>-4%</b>	<b>-11%</b>
<b>EPS</b>	<b>-0.07</b>	<b>-0.14</b>	<b>-0.04</b>	<b>0.04</b>	<b>-0.08</b>	<b>-0.14</b>	<b>-0.04</b>	<b>0.04</b>	<b>4%</b>	<b>2%</b>	<b>-4%</b>	<b>-11%</b>

Source: Nordea estimates

### NEXT GAMES: NORDEA VS POST-H1 INFRONT CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E	H2 2020E	2020E	2021E	2022E
<b>Sales</b>	<b>14.9</b>	<b>29.3</b>	<b>60.5</b>	<b>69.6</b>	<b>16.5</b>	<b>31.0</b>	<b>57.2</b>	<b>69.1</b>	<b>-9%</b>	<b>-5%</b>	<b>6%</b>	<b>1%</b>
<b>EBITDA</b>	<b>0.2</b>	<b>0.6</b>	<b>3.5</b>	<b>6.5</b>	<b>0.2</b>	<b>0.5</b>	<b>3.6</b>	<b>6.3</b>	<b>3%</b>	<b>21%</b>	<b>-3%</b>	<b>4%</b>
EBITDA margin	1.4%	2.1%	5.8%	9.4%	1.2%	1.6%	6.3%	9.1%	0.2pp	0.5pp	-0.5pp	0.3pp
<b>EBIT</b>	<b>-1.8</b>	<b>-3.4</b>	<b>-0.6</b>	<b>2.2</b>	<b>-1.6</b>	<b>-3.4</b>	<b>-0.2</b>	<b>2.1</b>	<b>-15%</b>	<b>-3%</b>	<b>-325%</b>	<b>8%</b>
EBIT margin	-12.3%	-11.7%	-1.1%	3.2%	-9.7%	-10.8%	-0.3%	3.0%	-2.7pp	-0.9pp	-0.8pp	0.2pp
<b>PTP</b>	<b>-2.0</b>	<b>-3.9</b>	<b>-1.0</b>	<b>1.8</b>		<b>-3.5</b>	<b>-0.6</b>	<b>1.6</b>	<b>n.m</b>	<b>-13%</b>	<b>-73%</b>	<b>13%</b>
<b>EPS</b>	<b>-0.07</b>	<b>-0.14</b>	<b>-0.04</b>	<b>0.04</b>	<b>-0.08</b>	<b>-0.17</b>	<b>-0.02</b>	<b>0.06</b>	<b>8%</b>	<b>19%</b>	<b>-98%</b>	<b>-38%</b>
<b>DPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>n.m</b>	<b>n.m</b>	<b>n.m</b>	<b>n.m</b>

Source: Nordea estimates and Infront

## REPORTED QUARTERLY NUMBERS AND ESTIMATES (EURm, EUR AND %)

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20E	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
<b>Revenue</b>	<b>9.8</b>	<b>9.4</b>	<b>7.8</b>	<b>7.7</b>	<b>7.3</b>	<b>7.1</b>	<b>6.6</b>	<b>8.3</b>	<b>11.1</b>	<b>15.0</b>	<b>16.9</b>	<b>17.5</b>
<b>Gross profit</b>	<b>5.6</b>	<b>5.7</b>	<b>4.3</b>	<b>4.1</b>	<b>3.8</b>	<b>3.8</b>	<b>3.5</b>	<b>4.4</b>	<b>5.9</b>	<b>8.0</b>	<b>9.1</b>	<b>9.4</b>
Gross margin	57%	60%	56%	53%	51%	53%	53%	53%	53%	53%	54%	54%
Operating Expenses	7.4	7.4	6.2	6.2	5.1	4.5	4.4	5.4	6.7	8.2	9.2	9.0
R&D	1.6	1.6	1.6	1.6	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Sales & Marketing	4.9	4.9	3.9	3.9	2.8	2.2	2.1	3.2	4.4	5.8	6.7	6.6
Admin	0.8	0.8	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>EBITDA</b>	<b>-1.4</b>	<b>-0.1</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.8</b>	<b>1.0</b>	<b>1.5</b>
EBITDA margin	-14%	-1%	-14%	-11%	-3%	7%	2%	1%	2%	6%	6%	8%
<b>Adj. EBITDA</b>	<b>-1.4</b>	<b>-0.1</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.8</b>	<b>1.0</b>	<b>1.5</b>
Adj. EBITDA margin	-14%	-1%	-14%	-11%	-3%	7%	2%	1%	2%	6%	6%	8%
<b>EBIT</b>	<b>-2.4</b>	<b>-1.1</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.2</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.4</b>
EBIT margin	-24%	-12%	-27%	-24%	-16%	-6%	-13%	-12%	-8%	-1%	0%	2%
<b>Adj. EBIT (Nordea)</b>	<b>-2.4</b>	<b>-1.1</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.2</b>	<b>-0.5</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.4</b>
Adj. EBIT margin	-24%	-12%	-27%	-24%	-16%	-6%	-13%	-12%	-8%	-1%	0%	2%
<b>Adj. EBIT (comparable)</b>	<b>-1.3</b>	<b>-0.5</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-0.3</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.7</b>	<b>0.9</b>	<b>1.3</b>
Adj. EBIT margin	-13%	-5%	-15%	-13%	-4%	6%	0%	-1%	1%	5%	5%	8%
Net financials	-0.1	-0.1	-0.1	0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
PTP	-2.5	-1.3	-2.2	-1.8	-1.3	-0.6	-1.0	-1.1	-0.9	-0.3	-0.1	0.3
<b>Net profit</b>	<b>-2.6</b>	<b>-1.4</b>	<b>-2.3</b>	<b>-1.9</b>	<b>-1.3</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-0.9</b>	<b>-0.3</b>	<b>-0.1</b>	<b>0.3</b>
Adj. net profit	-2.6	-1.4	-2.3	-1.9	-1.3	-0.6	-1.0	-1.1	-0.9	-0.3	-0.1	0.3
EPS (diluted)	-0.14	-0.07	-0.12	-0.08	-0.04	-0.02	-0.03	-0.04	-0.03	-0.01	0.00	0.01
<b>DPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Source: Company data and Nordea estimates

## REPORTED ANNUAL NUMBERS AND ESTIMATES (EURm, EUR AND %)

	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	CAGR '20E-'25E
<b>Revenue</b>	<b>32.5</b>	<b>35.2</b>	<b>34.7</b>	<b>29.3</b>	<b>60.5</b>	<b>69.6</b>	<b>76.6</b>	<b>80.4</b>	<b>84.4</b>	<b>24%</b>
<b>Gross profit</b>	<b>19.3</b>	<b>21.3</b>	<b>19.7</b>	<b>15.4</b>	<b>32.4</b>	<b>37.9</b>	<b>42.9</b>	<b>45.0</b>	<b>47.3</b>	<b>25%</b>
Gross margin	59%	60%	57%	53%	54%	55%	56%	56%	56%	1%
Operating Expenses	24.4	38.3	27.1	19.3	33.1	35.7	37.4	39.1	41.0	16%
R&D	7.0	7.5	6.6	5.2	5.5	5.9	6.2	6.5	6.8	6%
Sales & Marketing	12.7	26.8	17.6	10.3	23.4	25.5	26.8	28.2	29.6	24%
Admin	4.7	4.0	3.0	3.8	4.2	4.3	4.4	4.5	4.6	4%
<b>EBITDA</b>	<b>-4.4</b>	<b>-14.8</b>	<b>-3.5</b>	<b>0.6</b>	<b>3.5</b>	<b>6.5</b>	<b>10.0</b>	<b>10.6</b>	<b>11.3</b>	<b>105%</b>
EBITDA margin	-14%	-42%	-10%	2%	6%	9%	13%	13%	13%	
<b>Adj. EBITDA</b>	<b>-3.4</b>	<b>-14.5</b>	<b>-3.5</b>	<b>0.6</b>	<b>3.5</b>	<b>6.5</b>	<b>10.0</b>	<b>10.6</b>	<b>11.3</b>	<b>105%</b>
Adj. EBITDA margin	-10%	-41%	-10%	2%	6%	9%	13%	13%	13%	
<b>EBIT</b>	<b>-5.1</b>	<b>-16.9</b>	<b>-7.4</b>	<b>-3.4</b>	<b>-0.6</b>	<b>2.2</b>	<b>5.5</b>	<b>5.9</b>	<b>6.3</b>	<b>n.a.</b>
EBIT margin	-16%	-48%	-21%	-12%	-1%	3%	7%	7%	7%	
<b>Adj. EBIT (Nordea)</b>	<b>-4.0</b>	<b>-16.7</b>	<b>-7.4</b>	<b>-3.4</b>	<b>-0.6</b>	<b>2.2</b>	<b>5.5</b>	<b>5.9</b>	<b>6.3</b>	<b>n.a.</b>
Adj. EBIT margin	-12%	-47%	-21%	-12%	-1%	3%	7%	7%	7%	
<b>Adj. EBIT (comparable)</b>	<b>-4.4</b>	<b>-13.8</b>	<b>-4.0</b>	<b>0.1</b>	<b>3.0</b>	<b>6.1</b>	<b>9.6</b>	<b>10.2</b>	<b>11.0</b>	<b>196%</b>
Adj. EBIT margin	-14%	-39%	-11%	0%	5%	9%	12%	13%	13%	
Net financials	-0.5	0.1	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-6%
PTP	-6.0	-16.9	-7.8	-3.9	-1.0	1.8	5.1	5.5	6.0	n.a.
<b>Net profit</b>	<b>-6.1</b>	<b>-18.0</b>	<b>-8.3</b>	<b>-3.8</b>	<b>-1.1</b>	<b>1.0</b>	<b>4.1</b>	<b>4.4</b>	<b>4.6</b>	<b>n.a.</b>
Adj. net profit	-5.1	-17.8	-8.3	-3.8	-1.1	1.0	4.1	4.4	4.6	n.a.
EPS (diluted)	-0.37	-0.99	-0.36	-0.14	-0.04	0.04	0.15	0.16	0.16	n.a.
<b>DPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>n.a.</b>

Source: Company data and Nordea estimates

**NEXT GAMES: ESTIMATED KPIS FOR GAME PORTFOLIO**

<b>TWD - NML</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20E</b>	<b>Q4 20E</b>	<b>Q1 21E</b>	<b>Q2 21E</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings	4.5	3.8	3.4	4.2	3.9	4.0	3.7	3.9	3.5	3.1	2.9	2.6
DAU	0.23	0.19	0.16	0.18	0.16	0.16	0.15	0.15	0.14	0.12	0.11	0.10
MAU	0.67	0.54	0.48	0.65	0.48	0.46	0.44	0.46	0.42	0.37	0.34	0.30
DAU/MAU	34%	35%	34%	28%	34%	34%	33%	33%	33%	33%	33%	33%
ARPDau €	0.22	0.22	0.21	0.25	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28
<b>TWD - OW</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20E</b>	<b>Q4 20E</b>	<b>Q1 21E</b>	<b>Q2 21E</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings	5.0	5.2	4.5	3.9	3.4	2.9	2.9	2.8	2.4	2.2	2.0	1.8
DAU	0.21	0.15	0.13	0.11	0.08	0.07	0.07	0.07	0.06	0.05	0.05	0.04
MAU	0.98	0.60	0.53	0.59	0.31	0.25	0.25	0.25	0.21	0.19	0.17	0.16
DAU/MAU	21%	26%	24%	19%	27%	29%	27%	27%	27%	27%	27%	27%
ARPDau €	0.26	0.37	0.36	0.38	0.45	0.46	0.46	0.46	0.46	0.46	0.46	0.46
<b>Stranger Things IP</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20E</b>	<b>Q4 20E</b>	<b>Q1 21E</b>	<b>Q2 21E</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings								1.6	4.7	7.8	7.9	7.4
DAU								0.17	0.25	0.40	0.38	0.34
MAU								0.50	0.75	1.20	1.14	1.03
DAU/MAU								33%	33%	33%	33%	33%
ARPDau €								0.21	0.21	0.22	0.23	0.24
<b>Blade Runner</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20E</b>	<b>Q4 20E</b>	<b>Q1 21E</b>	<b>Q2 21E</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings									0.6	1.9	2.9	2.8
DAU									0.07	0.11	0.16	0.15
MAU									0.20	0.32	0.48	0.46
DAU/MAU									33%	33%	33%	33%
ARPDau €									0.20	0.20	0.20	0.20
<b>1/2021 Game</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20E</b>	<b>Q4 20E</b>	<b>Q1 21E</b>	<b>Q2 21E</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings											1.3	2.9
DAU											0.13	0.15
MAU											0.40	0.46
DAU/MAU											33%	33%
ARPDau €											0.21	0.21

Source: Company data and Nordea estimates

---

**NEXT GAMES: ESTIMATED KPIs FOR GAME PORTFOLIO, ANNUAL**


---

<b>TWD - NML</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Gross Bookings		21.4	15.9	15.6	12.0
DAU		0.28	0.19	0.15	0.12
MAU		0.85	0.58	0.46	0.36
DAU/MAU		33%	33%	33%	33%
ARPDau €		0.22	0.23	0.28	0.28
<b>TWD - OW</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Gross Bookings		14.0	18.5	12.0	8.3
DAU		0.30	0.15	0.07	0.05
MAU		1.43	0.68	0.26	0.18
DAU/MAU		21%	22%	27%	27%
ARPDau €		0.26	0.34	0.46	0.46
<b>Stranger Things IP</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Gross Bookings				1.6	27.8
DAU				0.17	0.34
MAU				0.50	1.03
DAU/MAU				33%	33%
ARPDau €				0.21	0.22
<b>Blade Runner</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Gross Bookings					8.2
DAU					0.12
MAU					0.36
DAU/MAU					33%
ARPDau €					0.20
<b>2/2021 Game</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>
Gross Bookings					4.2
DAU					0.14
MAU					0.43
DAU/MAU					33%
ARPDau €					0.21

Source: Company data and Nordea estimates

# Risk factors

Below we list the main risk factors that we find relevant for Next Games. The purpose of this is not to provide a comprehensive list of all of the risks that the company may face, but instead to highlight those that we find most relevant. In our view, the main risks relate to low cash balance and ability to publish new games in the extremely competitive mobile gaming market.

## Short-term risk factors

### Low cash balance imposes need for further capital injection

Next Games' cash balance was EUR 6.5m at the end of H1 2020, after the EUR 8m capital injection that took place in Q4 2019. If the company cannot maintain cash flow neutrality during 2020, we see increasing risk of a need for further capital injection.

### Success of the Stranger Things title

Next Games' 2021 earnings depend highly on the success of the Stranger Things title. We believe consensus expects the game to generate close to EUR 30m revenue during 2021E. If the game's release date is delayed or it cannot attract the expected user base, estimate downgrades could be material.

### Change in the access to IDFA

Apple announced changes to its upcoming iOS 14 update scheduled for early 2021. One of these changes will be new privacy settings, where Apple users will see a new privacy screen when installing an app. This privacy screen asks permission for the app to track the user across other apps and websites. This question will determine whether the app will have access to the device identifier for advertisers (IDFA).

This identifier is heavily used by the ad networks that the mobile gaming companies use in their user acquisition. As the change in the access to IDFA could come in place in early 2021, it is still uncertain how this will affect mobile gaming companies' user acquisition methodologies. Thus, this puts the efficiency of mobile gaming companies' user acquisitions at risk.

### Faster-than-expected decline of The Walking Dead titles

Currently Next Games depends on the success of its two The Walking Dead (TWD) titles. We expect that the revenues generated by the TWD games will decrease gradually in the coming years. However, it is possible that they decline faster if, for example, TWD IP loses its fan base or Next Games cannot create new and interesting content for the players of the game.

### Inability to launch new games on schedule

The most recent launch of TWD: Our World did not go as planned, and now the Blade Runner Nexus game, which was in soft launch for a prolonged period of time (since July 2018), was moved back to production phase. If Next Games cannot improve the KPIs of the Blade Runner game, the company might have to kill it before launch.

### Outflow of key specialists

A weakened financial situation might lead to the departure of some key specialists or executives. The risk is elevated by the apparent chronic shortage of game developers in Finland, which is making the recruitment of top-tier developers difficult.

## Long-term risk factors

### Ability to attract and retain top talent

Given the global and highly competitive nature of the mobile gaming market, success depends heavily on attracting and retaining top international specialists and executives. Prolonged organisational or financial headwinds could raise the risk of a brain drain and complicate recruitment.

### Ability to develop games with lucrative feature sets

According to a study by GameRefinery, 50% of a game's success is explained by its feature set. Mobile gaming is still a nascent industry, which means that a winning feature set is a constantly moving target, making success extremely hard to replicate in

subsequent games.

**Ability to accumulate and retain adequate cash position**

Gaming companies require solid cash balances to withstand occasional hardships, to retain strategic leeway in game development, and to market their games. Failure to retain a credible cash balance will, in the long term, increase the risk of a departure by all relevant stakeholders in the company.

**Ability to acquire interesting third-party intellectual property**

The company might be unable to acquire intellectual property of the calibre of The Walking Dead and Stranger Things due to increased competition. An inability to acquire the desired IP would harm the company's strategy and its effectiveness.

**Regulation**

The mobile gaming industry is facing increasing regulation, especially in China. The trend towards tighter regulation of mobile game monetisation could hamper the financial performance of Next Games in the long run.

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Total revenue</b>	n.a.	0	0	10	31	32	35	35	29	61	70
Revenue growth	n.a.	n.a.	n.a.	n.m.	220.5%	4.4%	8.6%	-1.5%	-15.4%	106.4%	15.0%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	-4	-6	-2	-4	-15	-3	1	4	7
Depreciation and impairments PPE	0	0	0	0	0	-1	-1	-2	-2	-2	-2
of which leased assets	0	0	0	0	0	0	0	-1	-1	-1	-1
EBITA	0	0	-4	-7	-2	-5	-16	-5	-1	2	5
Amortisation and impairments	0	0	0	0	0	0	-1	-2	-2	-2	-3
EBIT	n.a.	0	-4	-7	-2	-5	-17	-7	-3	-1	2
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	-1	0	0	0	0	0
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	0	0	-4	-7	-2	-6	-17	-8	-4	-1	2
Reported taxes	0	0	0	0	2	0	-1	-1	0	0	-1
Net profit from continued operations	0	0	-4	-7	0	-6	-18	-8	-4	-1	1
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	-4	-7	0	-6	-18	-8	-4	-1	1
<b>EPS, EUR</b>	n.a.	n.a.	-1.57	-2.00	0.01	-0.37	-0.99	-0.36	-0.14	-0.04	0.04
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	n.a.	n.m.	n.m.	-66.2%	-5.5%	-13.6%	-41.8%	-10.0%	2.1%	5.8%	9.4%
EBITA	n.a.	n.m.	n.m.	-70.2%	-7.0%	-15.6%	-44.5%	-14.8%	-4.4%	2.8%	6.8%
EBIT	n.a.	n.m.	n.m.	-70.2%	-7.0%	-15.6%	-48.0%	-21.4%	-11.7%	-1.1%	3.2%

## Adjusted earnings

EBITDA (adj)	0	0	-4	-6	-3	-3	-15	-3	0	4	7
EBITA (adj)	0	0	-4	-7	-3	-4	-16	-5	-2	2	5
EBIT (adj)	0	0	-4	-7	-3	-4	-17	-7	-4	-1	2
EPS (adj, EUR)	n.a.	n.a.	-1.57	-2.00	-0.06	-0.31	-0.98	-0.36	-0.15	-0.04	0.04

## Adjusted profit margins in percent

EBITDA (adj)	n.a.	n.m.	n.m.	-66.2%	-8.4%	-10.6%	-41.4%	-10.0%	0.7%	5.8%	9.4%
EBITA (adj)	n.a.	n.m.	n.m.	-70.2%	-9.9%	-12.6%	-44.0%	-14.8%	-5.8%	2.8%	6.8%
EBIT (adj)	n.a.	n.m.	n.m.	-70.2%	-9.9%	-12.6%	-47.6%	-21.5%	-13.1%	-1.1%	3.2%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	513.7%	24.8%	14.2%	16.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	-25.2%	-32.2%	-26.8%	-21.5%	-17.4%	-11.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	-23.0%	-28.8%	-21.5%	-14.6%	-9.6%	-3.3%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	48.8
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	7.9	n.m.	n.m.	253.0	14.7	7.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	6.7	n.m.	n.m.	n.m.	30.2	10.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	7.5	n.m.	n.m.	n.m.	n.m.	22.8

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	48.8
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	-0.84	0.35	0.70	1.77	0.85	0.72
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	6.9	n.m.	n.m.	73.7	14.7	7.7
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	5.9	n.m.	n.m.	n.m.	30.2	10.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	5.9	n.m.	n.m.	n.m.	n.m.	22.8
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	-92.9%	-25.3%	-2.9%	2.9%	4.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	-92.9%	-29.4%	-4.9%	0.9%	2.5%
Payout ratio	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates



**BALANCE SHEET**

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	0	1	3	10	14	14	15	16	17
of which R&D	0	0	0	1	1	7	10	11	12	12	13
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	0	2	3	3	3	3	3	3
Tangible assets	0	0	0	0	1	0	7	5	3	3	2
of which leased assets	0	0	0	0	0	0	0	4	3	3	3
Shares associates	0	0	1	0	1	1	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	1	0	1	0	0	0
Deferred tax assets	0	0	0	0	2	3	2	1	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	1	1	7	14	23	22	18	18	19
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	1	3	6	5	6	5	4	9	11
Short-term leased assets	0	0	0	0	0	0	0	0	1	1	1
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	0	0	2	5	4	26	7	8	6	7	8
Total current assets	0	0	2	8	10	31	14	13	12	17	20
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>9</b>	<b>17</b>	<b>46</b>	<b>36</b>	<b>35</b>	<b>30</b>	<b>35</b>	<b>38</b>
Shareholders equity	0	0	2	5	7	39	23	23	19	18	19
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	2	5	7	39	23	23	19	18	19
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	0	0	1	1	1	1
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	3	3	3	3
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	1	1	5	4	4	4	4
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	0	1	4	9	6	9	4	3	9	11
Current lease debt	0	0	0	0	0	0	0	1	1	1	1
Other current liabilities	0	0	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	0	0	0	0	0	0	0	3	3	3	3
Total current liabilities	0	0	1	4	9	6	9	8	7	14	16
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>9</b>	<b>17</b>	<b>46</b>	<b>36</b>	<b>35</b>	<b>30</b>	<b>35</b>	<b>38</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	0	-2	-5	-4	-27	-8	-1	2	1	0
of which lease debt	0	0	0	0	0	0	0	4	4	4	4
Working capital	0	0	0	0	-3	-1	-3	1	1	0	-1
Invested capital	0	0	1	1	5	14	20	23	20	18	18
Capital employed	0	0	2	5	7	39	23	31	27	26	27
ROE	n.m.	n.m.	n.m.	n.m.	1.5%	-26.2%	-58.0%	-36.3%	-18.4%	-6.0%	5.6%
ROIC	n.m.	n.m.	n.m.	n.m.	-96.5%	-40.7%	-79.9%	-28.2%	-14.9%	-2.7%	9.9%
ROCE	n.m.	n.m.	n.m.	n.m.	-52.0%	-19.3%	-51.8%	-27.9%	-13.6%	-2.4%	8.4%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2.8	0.4
Interest coverage	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	-66.3%	72.3%	55.3%	43.5%	86.1%	62.7%	65.9%	63.2%	50.6%	49.6%
Net gearing	n.m.	95.6%	-70.5%	-94.9%	-52.9%	-69.1%	-33.7%	-3.3%	8.9%	6.9%	-0.2%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>-4</b>	<b>-6</b>	<b>-2</b>	<b>-4</b>	<b>-15</b>	<b>-3</b>	<b>1</b>	<b>4</b>	<b>7</b>
Paid taxes	0	0	0	0	0	0	0	0	0	0	-1
Net financials	0	0	0	0	0	0	0	0	0	0	0
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	0	-2	0	5	-4	1	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	4	6	3	1	-3	4	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3</b>	<b>-13</b>	<b>-4</b>	<b>2</b>	<b>3</b>	<b>5</b>
Change in NWC	0	0	0	0	0	-1	1	0	0	2	0
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4</b>	<b>-12</b>	<b>-4</b>	<b>2</b>	<b>5</b>	<b>6</b>
Capital expenditure	0	0	0	0	-1	-2	-7	-3	-3	-3	-4
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-7</b>	<b>-19</b>	<b>-6</b>	<b>-1</b>	<b>1</b>	<b>2</b>
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	0	0	0	0	-1	-7	-19	-6	-1	1	2
Free cash flow bef A&D, lease adj	0	0	0	0	-1	-7	-19	-7	-2	0	1
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	0	0	30	0	8	0	0	0
Net change in debt	0	0	0	0	0	0	0	-2	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	0	-1	-1
Other non-cash adjustments	0	0	2	3	0	-1	0	1	0	0	0
Change in cash	0	0	2	3	-1	23	-19	0	-1	0	1
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	0.0%	n.m.	n.m.	n.m.	n.m.	68.9%	77.0%	79.1%	81.8%
Capex/Sales	n.a.	n.m.	0.0%	0.0%	1.9%	7.7%	19.1%	7.9%	10.6%	5.4%	5.1%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	9	1	1	2	2	2
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	0	20	25	50	50	50
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	-27	12	24	52	52	50
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	0.0	19.0	28.0	28.0	28.0	28.0

Source: Company data and Nordea estimates

# Disclaimer and legal disclosures

## Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their unit Nordea Markets.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

## Content of report

This report has been prepared solely by Nordea Markets.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

## Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

## No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

## Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets ("External Information"), Nordea Markets has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

## Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

## Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

## Conflicts of interest

Readers of this document should note that Nordea Markets has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea Markets that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at [www.nordea.com/mifid](http://www.nordea.com/mifid).

## Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US. This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 138 Market Street, #09-01 CapitaGreen, Singapore 048946.

This publication or report may be distributed by Nordea Bank Abp Singapore Branch, which is subject to the supervision of the European Central Bank, the Finnish Financial Supervisory Authority and the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

**Analyst Shareholding**

Nordea Markets analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

**Fair value and sensitivity**

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

**Marketing Material**

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

**Market-making obligations and other significant financial interest**

Nordea Markets has no market-making obligations in Next Games.

**Investment banking transactions**

In view of Nordea's position in its markets readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services to the company/companies

**Issuer Review**

*This report has not been reviewed by the Issuer prior to publication.*

**Completion Date**

25 Nov 2020, 13:04 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea Markets Division, Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland  Tel: +358 9 1651 Fax: +358 9 165 59710  Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	<b>Nordea Markets Division, Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden  Tel: +46 8 614 7000 Fax: +46 8 534 911 60	<b>Nordea Markets Division, Research</b> Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark  Tel: +45 3333 3333 Fax: +45 3333 1520	<b>Nordea Markets Division, Research</b> Visiting address: Essendropsgate 7 N-0107 Oslo Norway  Tel: +47 2248 5000 Fax: +47 2256 8650