

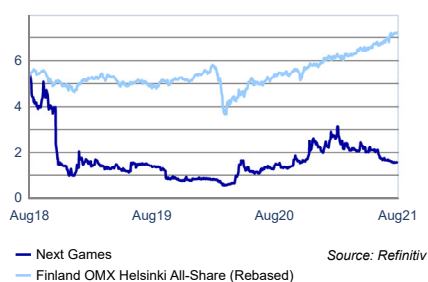
## Next Games

Telecom Equipment and IT  
Finland

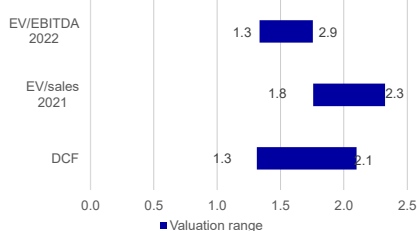
## KEY DATA

Stock country	Finland
Bloomberg	NXTGMS.FH
Reuters	NXTGMS.HE
Share price (close)	EUR 1.65
Free Float	100%
Market cap. (bn)	EUR 0.05/EUR 0.05
Website	s://www.nextgames.com/
Next report date	

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



## ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	-6%	-16%	-13%
EBIT (adj)	16%	-136%	-69%

Source: Nordea estimates

## Nordea Markets - Analysts

Sami Sarkamies  
DirectorFelix Henriksson  
Analyst

## New game launches still in the works

Next Games did not benefit from Stranger Things or Blade Runner in H1 as launches on the main markets will not take place before late Q3 or Q4. Bookings for the Walking Dead franchise were down by 15% y/y in H1. Achieving reiterated guidance of at least EUR 40m in net sales and positive EBITDA in 2021 looks a tall order as the clock is ticking and the company needs to generate at least EUR 16m in sales from the new titles in H2 with breakeven EBITDA margin. Our estimates already reflect the risk of a downward guidance revision. However, if the titles enjoy a successful reception we expect significant upside for revenue in 2022E-23E. We cut our fair value estimate range to EUR 1.5-2.1 (1.5-2.2).

## Stable legacy performance, new titles out in H2

Cash balance stood at EUR 4.9m at the end of H1, compared to EUR 4.3m at the end of 2020. Reported net sales reached EUR 12.3m, 3% above our expectations (down 15% y/y). EBITDA was EUR 0.2m, above our estimate at EUR -1.3m. No Man's Land's gross bookings of EUR 7.7m came in 5% above our estimate and declined 3% y/y. Our World's gross bookings of EUR 4.6m were 6% above our estimate and declined 27% y/y, hit by the pandemic. Stranger Things is available in Finland, Canada, Poland and the Philippines. The title should be launched globally in H2 with US launch starting in Q3 and taking place mostly in Q4 as management seemed content with game metrics. The company aims to scale up the game gradually and use the big fan base of the Stranger Things brand in the process, thus decreasing the need for upfront capital in the launch. Blade Runner is available in the UK, Poland and Canada. The title should be launched in the US most likely in Q4 following certain improvements.

## Estimates trimmed on delays related to publishing of new titles

We postpone our assumptions related to the timing of unnamed game launches and take a slightly more cautious stance on the performance of Stranger Things and Blade Runner in 2022. We also take a slightly more cautious stance on the level of UA spending in the longer term.

## Fair valuation range decreased to EUR 1.5-2.1

We derive a fair value range of EUR 1.5-2.1 (1.5-2.2), using an average of three separate valuation methods – EV/EBITDA, EV/sales and DCF. Due to the low profitability and uncertainty of our near-term estimates, we apply an average discount of 30% to western peers' multiples for EV/EBITDA and a 50% discount for EV/sales.

## SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	32	35	35	27	34	74	81
EBITDA (adj)	-3	-15	-3	-1	0	5	8
EBIT (adj)	-4	-17	-7	-5	-5	0	3
EBIT (adj) margin	-12.6%	-47.6%	-21.5%	-18.4%	-14.5%	-0.5%	3.4%
EPS (adj, EUR)	-0.31	-0.98	-0.36	-0.20	-0.16	-0.02	0.07
EPS (adj) growth	-431.4%	-216.5%	63.7%	43.7%	19.1%	90.5%	576.8%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	-0.8	0.4	0.7	2.1	1.3	0.6	0.5
EV/EBIT (adj)	7.5	n.m.	n.m.	n.m.	n.m.	n.m.	14.4
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	22.4
P/BV	0.0	0.9	1.1	3.0	2.6	2.7	2.4
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.m.	-92.9%	-29.4%	-3.7%	0.3%	7.8%	2.8%
Net debt	-27	-8	-1	-1	-4	-8	-10
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	-38.2	-1.7	-1.2
ROIC after tax	-40.7%	-79.9%	-28.2%	-19.9%	-24.3%	-2.5%	24.3%

Source: Company data and Nordea estimates

# Result highlights

## H1 highlights: Stable performance, new titles out in H2

Cash balance stood at EUR 4.9m at the end of H1 after EUR 4.3m at the end of 2020

Stranger Things is expected to be published globally in H2 2021, Blade Runner to be published in the US in H2 2021

- Cash balance stood at EUR 4.9m at the end of H1, compared to EUR 4.3m at the end of 2020.
- Reported net sales of EUR 12.3m, 3% above our expectations and 8% below company-collected consensus (down 15% y/y and 4% h/h).
- EBITDA was EUR 0.2m, above our estimate at EUR -1.3m as well as consensus at EUR -0.3m.
- Stranger Things is available in Finland, Canada, Poland and the Philippines. The title should be launched globally during H2 as management seemed content with game metrics. The company aims to scale the game up gradually and use the big fan base of the Stranger Things brand in the process, thus decreasing the need for upfront capital in the launch. The Stranger Things title will be a puzzle RPG mash-up game. We expect it to monetise fast thanks to the strong IP and its appeal to a wide audience owing to the more approachable game design.
- Blade Runner is available in the UK, Poland and Canada. The title should be launched in the US during H2 following certain improvements. The game's monetisation might take longer given that the strategy RPG genre is typically more capital intensive and increasing ARPDAU requires more time.
- By Q4, the company will have three teams working on new games for 2022 (60% of staff).

### NEXT GAMES: H1 2021 DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual	Actual	
EURm	H1 2021	H1 2021E	vs. actual		H1 2021E	vs. actual		H2 2020	h/h	H1 2020	y/y
Sales	12.3	12.0	0.3	3%	13.4	-1.1	-8%	12.8	-4%	14.4	-15%
EBITDA	0.2	-1.3	1.5	-115%	-0.3	0.5	-167%	0.2	0%	0.3	-33%
EBITDA margin	2%	-11%		12%	-2%		4%	2%	0%	2%	-4%
EBIT	-2.2	-3.6	1.4	-40%	-2.5	0.3	-11%	-1.8	22%	-1.6	38%
EBIT margin	-18%	-31%		13%	-18%		1%	-14%	-4%	-11%	29%
Adj. EBIT	-2.2	-3.6	1.4	-40%	-2.5	0.3	-11%	-1.8	22%	-1.6	38%
Adj. EBIT margin	-18%	-31%		13%	-18%		31%	-14%	-4%	-11%	29%
<b>Group KPIs</b>											
Gross Bookings (EURm)	11.9	12.0	-0.05	0%				12.7	-6%	14.2	-16%
DAU, million	0.20	0.23	-0.03	-13%				0.21	-7%	0.24	-18%
MAU, million	0.65	0.73	-0.08	-11%				0.69	-6%	0.77	-15%
ARPDAU (EUR)	0.32	0.32	0.00	0%				0.40	-20%	0.33	-2%
<b>Our World KPIs</b>											
Gross Bookings (EURm)	4.6	4.3	0.3	6%				5.2	-12%	6.3	-27%
DAU, million		0.06	-0.1	-100%				0.06	-100%	0.08	-100%
MAU, million		0.21	-0.2	-100%				0.24	-100%	0.28	-100%
ARPDAU (EUR)		0.43	-0.4	-100%				0.43	-100%	0.46	-100%
<b>No Man's Land KPIs</b>											
Gross Bookings (EURm)	7.7	7.3	0.4	5%				7.5	3%	7.9	-3%
DAU, million		0.13	-0.1	-100%				0.14	-100%	0.16	-100%
MAU, million		0.39	-0.4	-100%				0.44	-100%	0.47	-100%
ARPDAU (EUR)		0.31	-0.3	-100%				0.33	-100%	0.28	-100%

Source: Company data, Infront Data consensus and Nordea estimates

### The Walking Dead: Our World has suffered from the pandemic

TWD: Our World's gross bookings of EUR 4.6m were 6% above our estimate and declined 27% y/y. According to management, restrictions on movement due to the coronavirus had a negative effect on the ability of players to play the game. This, in turn, had an effect on the user amounts of the game. Thus, TWD Our World is one of the rare games that was hurt by the lockdowns.

### The Walking Dead: No Man's Land above our estimates

TWD: No Man's Land's gross bookings of EUR 7.7m came in 5% above our estimate and declined 3% y/y.

## **Outstanding guidance for 2021 reiterated**

Next Games issued an outlook for 2021 in conjunction with the H2 2020 report, which was reiterated in conjunction with the H1 2021 report.

- **Revenues:** At least EUR 40m in 2021.
- **EBITDA:** Positive for 2021.

# Detailed estimates and estimate revisions

## Financial targets

At its CMD in November 2020, Next Games announced the following mid-term financial targets:

- **Revenue:** To reach EUR 250m
- **EBITDA margin:** >23%
- **EBIT margin:** >18%

## Company guides for sales of at least EUR 40m in 2021

Next Games issued the following outlook for 2021 in conjunction with the H2 2020 report. The outlook was reiterated in conjunction with the H1 2021 report:

- **Revenues:** At least EUR 40m in 2021.
- **EBITDA:** Positive for 2021.

We believe that 2021 revenue will heavily depend on the success of the Stranger Things Puzzle Tales game that should launch in H2. The existing game portfolio of two TWD games could reach gross bookings of EUR ~24m, meaning that the remainder is mainly attributed to Stranger Things IP. Blade Runner, another game that will be published in H2, might not generate a significant amount of revenue in 2021 due to slower monetisation and its likely small user acquisition budget.

## Reaching guidance will rely on new game launches

If Next Games reaches its guidance of sales above EUR 40m for 2021, we calculate that its revenues will likely grow significantly in the following year as well, owing to a high run-rate at the end of 2021. We assume that the company will maintain its high user acquisition (UA) investments in 2022 in order to further scale up its games, but will likely reduce its spending in 2023. These estimates are subject to a high degree of uncertainty, however, given that it is difficult to predict the success of the new games launching in 2021. We also do not rule out the risk of further postponements in the publishing schedule.

## Estimate revisions

We postpone assumptions related to the timing of unnamed game launches and take a slightly more cautious stance on the performance of Stranger Things and Blade Runner in 2022. We also take a slightly more cautious stance on UA spending in the longer term.

Reaching its sales guidance of EUR 40m in 2021 would also mean steep growth for 2022, in our view

## ESTIMATE REVISIONS (EURm AND EUR)

EURm	New estimates				Old estimates				Difference %			
	H2 2021E	2021E	2022E	2023E	H2 2021E	2021E	2022E	2023E	H2 2021E	2021E	2022E	2023E
Sales	21.5	33.8	73.6	80.9	24.0	35.9	88.0	93.3	-10%	-6%	-16%	-13%
EBITDA	0.2	-0.1	4.7	8.4	0.2	-1.1	5.6	14.3	35%	92%	-17%	-41%
EBITDA margin	1%	0%	6%	10%	1%	-3%	6%	15%	0.3pp	2.9pp	-0.1pp	-4.9pp
Adj. EBITDA	0.2	-0.1	4.7	8.4	0.2	-1.1	5.6	14.3	35%	92%	-17%	-41%
Adj. EBITDA margin	1%	0%	6%	10%	1%	-3%	6%	15%	0.3pp	2.9pp	-0.1pp	-4.9pp
EBIT	-2.3	-4.9	-0.3	2.8	-2.2	-5.8	0.9	8.8	-4%	16%	-136%	-69%
EBIT margin	-11%	-14%	0%	3%	-9%	-16%	1%	9%	-1.5pp	1.8pp	-1.5pp	-6.0pp
Adj. EBIT	-0.1	-0.8	4.0	7.8	-0.1	-1.6	5.2	13.8	-56%	53%	-23%	-44%
Adj. EBIT margin	-1%	-2%	5%	10%	0%	-4%	6%	15%	-0.2pp	2.2pp	-0.4pp	-5.2pp
Net income	-2.3	-4.8	-0.5	2.2	-2.9	-7.1	-0.9	5.9	21%	32%	46%	-63%
EPS	-0.08	-0.16	-0.02	0.07	-0.10	-0.24	-0.03	0.20	15%	32%	46%	-63%

## Game KPIs:

## Our World:

Gross bookings	4.6	9.2	6.1		3.6	7.9	4.7		26%	15%	29%	n.m
DAU	0.05	0.07	0.04		0.05	0.05	0.03		18%	29%	21%	n.m
MAU	0.19	0.23	0.13		0.17	0.19	0.11		9%	23%	12%	n.m
ARPPDAU (EUR)	0.46	0.46	0.46		0.43	0.43	0.43		7%	6%	7%	n.m

## No Man's Land:

Gross bookings	7.1	14.8	10.5		6.3	13.6	8.0		13%	9%	30%	n.m
DAU	0.14	0.15	0.10		0.11	0.12	0.07		25%	24%	44%	n.m
MAU	0.41	0.44	0.30		0.3	0.4	0.2		21%	21%	40%	n.m
ARPPDAU (EUR)	0.28	0.28	0.28		0.31	0.31	0.31		-10%	-10%	-10%	n.m

## Stranger Things

Gross bookings	7.8	7.9	35.5		7.9	8.1	41.9		-1%	-3%	-15%	n.m
DAU	0.19	0.13	0.37		0.19	0.15	0.44		-2%	-13%	-16%	n.m
MAU	0.56	0.39	1.12		0.57	0.45	1.34		-2%	-13%	-16%	n.m
ARPPDAU (EUR)	0.23	0.22	0.26		0.23	0.22	0.26		0%	0%	1%	n.m

## Blade Runner

Gross bookings	2.0	2.0	13.9		1.9	2.0	14.4		2%	-1%	-4%	n.m
DAU	0.07	0.05	0.11		0.07	0.05	0.12		1%	-8%	-2%	n.m
MAU	0.20	0.14	0.34		0.20	0.15	0.35		1%	-8%	-2%	n.m
ARPPDAU (EUR)	0.15	0.13	0.34		0.15	0.13	0.34		0%	0%	0%	n.m

Source: Nordea estimates

## NEXT GAMES: NORDEA VS COMPANY-COLLECTED CONSENSUS (EURm AND EUR)

EURm	Nordea estimates				Consensus estimates				Difference %			
	H1 2021E	2021E	2022E	2023E	H1 2021E	2021E	2022E	2023E	H1 2021E	2021E	2022E	2023E
Sales	12.3	33.8	73.6	80.9	13.6	37.4	64.7	72.6	-10%	-10%	14%	12%
EBITDA	0.3	-0.1	4.7	8.4	0.5	0.6	4.3	7.4	-40%	-115%	8%	14%
EBITDA margin	2.4%	-0.3%	6.4%	10.4%	3.7%	1.6%	6.7%	10.2%	-1.2pp	-1.9pp	-0.4pp	0.3pp
EBIT	-2.1	-4.9	-0.3	2.8	-1.7	-3.8	-0.3	2.1	-24%	-29%	-26%	29%
EBIT margin	-17.1%	-14.5%	-0.5%	3.4%	-12.5%	-10.1%	-0.4%	2.9%	-4.6pp	-4.3pp	0.0pp	0.5pp
PTP	-2.1	-4.9	-0.3	2.8	-2.0	-4.2	-0.4	2.0	-8%	-17%	9%	36%
EPS	-0.07	-0.16	-0.02	0.07	-0.06	-0.13	-0.01	0.06	-18%	-29%	-21%	29%

Source: Nordea estimates and company-collected consensus

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

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	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>6.1</b>	<b>6.7</b>	<b>6.2</b>	<b>6.1</b>	<b>8.1</b>	<b>13.4</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>3.4</b>	<b>3.4</b>	<b>3.2</b>	<b>3.1</b>	<b>4.4</b>	<b>7.2</b>
Gross margin	57%	60%	56%	53%	51%	53%	55%	50%	52%	51%	54%	54%
Operating Expenses	7.4	7.4	6.2	6.2	5.4	4.8	4.6	4.6	4.5	4.4	5.6	8.3
R&D	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
Sales & Marketing	4.9	4.9	3.9	3.9	2.8	2.2	2.3	2.3	2.2	2.1	3.2	6.0
Admin	0.8	0.8	0.7	0.7	1.0	1.0	0.7	0.7	0.8	0.8	0.8	0.8
<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>0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
EBITDA margin	-14%	-1%	-14%	-11%	-3%	7%	3%	0%	5%	0%	1%	1%
<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>0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>
Adj. EBITDA margin	-14%	-1%	-14%	-11%	-3%	7%	3%	0%	5%	0%	1%	1%
<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>-0.8</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.1</b>
EBIT margin	-24%	-12%	-27%	-24%	-16%	-6%	-13%	-15%	-16%	-18%	-15%	-8%
<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>-0.8</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.1</b>
Adj. EBIT margin	-24%	-12%	-27%	-24%	-16%	-6%	-13%	-15%	-16%	-18%	-15%	-8%
<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>-0.2</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.1</b>	<b>0.0</b>
Adj. EBIT margin	-13%	-5%	-15%	-13%	-4%	6%	0%	-3%	0%	-5%	-2%	0%
Net financials	-0.1	-0.1	-0.1	0.1	-0.1	-0.1	-0.2	-0.2	0.0	0.0	0.0	0.0
PTP	-2.5	-1.3	-2.2	-1.8	-1.3	-0.6	-1.1	-1.3	-1.0	-1.1	-1.2	-1.1
<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>-1.2</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.1</b>
Adj. net profit	-2.6	-1.4	-2.3	-1.9	-1.3	-0.6	-1.0	-1.2	-1.0	-1.1	-1.2	-1.1
EPS (diluted)	-0.14	-0.07	-0.12	-0.08	-0.04	-0.02	-0.04	-0.04	-0.03	-0.04	-0.04	-0.04
<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>
Sales growth	-13%	-4%	-17%	-2%	-5%	-3%	-14%	10%	-7%	-2%	33%	66%
Gross margin	57%	60%	56%	53%	51%	53%	55%	50%	52%	51%	54%	54%
EBITDA margin	-0.1	0.0	-0.1	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
EBIT margin	-24%	-12%	-27%	-24%	-16%	-6%	-13%	-15%	-16%	-18%	-15%	-8%

Source: Company data and Nordea estimates

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

	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	CAGR '20E-'25E
<b>Revenue</b>	<b>32.5</b>	<b>35.2</b>	<b>34.7</b>	<b>27.2</b>	<b>33.8</b>	<b>73.6</b>	<b>80.9</b>	<b>87.0</b>	<b>91.3</b>	<b>27%</b>
<b>Gross profit</b>	<b>19.3</b>	<b>21.3</b>	<b>19.7</b>	<b>14.3</b>	<b>17.9</b>	<b>39.7</b>	<b>45.3</b>	<b>48.7</b>	<b>51.1</b>	<b>29%</b>
Gross margin	59%	60%	57%	53%	53%	54%	56%	56%	56%	1%
Operating Expenses	24.4	38.3	27.1	19.3	22.8	40.1	42.6	44.6	46.0	19%
R&D	7.0	7.5	6.6	6.6	6.3	7.7	8.1	8.4	8.6	6%
Sales & Marketing	12.7	26.8	17.6	9.5	13.5	29.3	31.4	33.0	34.2	29%
Admin	4.7	4.0	3.0	3.2	3.0	3.0	3.1	3.1	3.2	0%
<b>EBITDA</b>	<b>-4.4</b>	<b>-14.8</b>	<b>-3.5</b>	<b>-0.7</b>	<b>-0.1</b>	<b>4.7</b>	<b>8.4</b>	<b>10.2</b>	<b>11.5</b>	<b>n.a.</b>
EBITDA margin	-14%	-42%	-10%	-3%	0%	6%	10%	12%	13%	
<b>Adj. EBITDA</b>	<b>-3.4</b>	<b>-14.5</b>	<b>-3.5</b>	<b>-0.7</b>	<b>-0.1</b>	<b>4.7</b>	<b>8.4</b>	<b>10.2</b>	<b>11.5</b>	<b>n.a.</b>
Adj. EBITDA margin	-10%	-41%	-10%	-3%	0%	6%	10%	12%	13%	
<b>EBIT</b>	<b>-5.1</b>	<b>-16.9</b>	<b>-7.4</b>	<b>-4.6</b>	<b>-4.9</b>	<b>-0.3</b>	<b>2.8</b>	<b>4.1</b>	<b>5.1</b>	<b>n.a.</b>
EBIT margin	-16%	-48%	-21%	-17%	-14%	0%	3%	5%	6%	
<b>Adj. EBIT (Nordea)</b>	<b>-4.0</b>	<b>-16.7</b>	<b>-7.4</b>	<b>-4.6</b>	<b>-4.9</b>	<b>-0.3</b>	<b>2.8</b>	<b>4.1</b>	<b>5.1</b>	<b>n.a.</b>
Adj. EBIT margin	-12%	-47%	-21%	-17%	-14%	0%	3%	5%	6%	
<b>Adj. EBIT (comparable)</b>	<b>-4.4</b>	<b>-13.8</b>	<b>-4.0</b>	<b>-1.2</b>	<b>-0.8</b>	<b>4.0</b>	<b>7.8</b>	<b>9.5</b>	<b>11.1</b>	<b>n.a.</b>
Adj. EBIT margin	-14%	-39%	-11%	-4%	-2%	5%	10%	11%	12%	
Net financials	-0.5	0.1	-0.2	-0.6	0.0	0.0	0.0	0.0	0.0	-100%
PTP	-6.0	-16.9	-7.8	-5.4	-4.9	-0.3	2.8	4.1	5.1	n.a.
<b>Net profit</b>	<b>-6.1</b>	<b>-18.0</b>	<b>-8.3</b>	<b>-5.2</b>	<b>-4.8</b>	<b>-0.5</b>	<b>2.2</b>	<b>3.3</b>	<b>4.1</b>	<b>n.a.</b>
Adj. net profit	-5.1	-17.8	-8.3	-5.2	-4.8	-0.5	2.2	3.3	4.1	n.a.
EPS (diluted)	-0.37	-0.99	-0.36	-0.19	-0.16	-0.02	0.07	0.11	0.14	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

**ESTIMATED KPIs FOR NEXT GAMES' GAME PORTFOLIO**

<b>Company</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 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
<b>Gross Bookings</b>	9.5	9.0	7.9	8.2	7.3	6.9	6.1	6.6	6.1	5.8	8.1	13.4
DAU	0.44	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.6
MAU	1.67	1.2	1.0	1.3	0.8	0.7	0.7	0.7	0.7	0.6	1.0	1.8
DAU/MAU	26%	30%	29%	24%	31%	32%	30%	31%	30%	31%	32%	33%
ARPDau \$	0.27	0.31	0.30	0.33	0.36	0.37	0.45	0.49	0.39	0.38	0.32	0.30
ARPDau €	0.24	0.28	0.27	0.29	0.32	0.33	0.38	0.42	0.32	0.32	0.28	0.25
<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 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings	4.5	3.8	3.4	4.2	3.9	4.0	3.4	4.1	3.9	3.8	3.7	3.5
DAU	0.23	0.19	0.16	0.18	0.16	0.16	0.15	0.14	0.16	0.16	0.14	0.13
MAU	0.67	0.54	0.48	0.65	0.48	0.46	0.46	0.43	0.48	0.46	0.42	0.40
DAU/MAU	34%	35%	34%	28%	34%	34%	32%	33%	34%	34%	34%	34%
ARPDau €	0.22	0.22	0.21	0.25	0.27	0.28	0.34	0.31	0.27	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 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings	5.0	5.2	4.5	3.9	3.4	2.9	2.7	2.5	2.4	2.2	2.4	2.2
DAU	0.21	0.15	0.13	0.11	0.08	0.07	0.07	0.06	0.08	0.07	0.06	0.05
MAU	0.98	0.60	0.53	0.59	0.31	0.25	0.25	0.23	0.31	0.25	0.20	0.18
DAU/MAU	21%	26%	24%	19%	27%	29%	27%	27%	27%	29%	29%	29%
ARPDau €	0.26	0.37	0.36	0.38	0.45	0.46	0.43	0.43	0.45	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 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings										0.1	1.7	6.2
DAU										0.02	0.08	0.29
MAU										0.05	0.25	0.88
DAU/MAU										33%	33%	33%
ARPDau €										0.21	0.22	0.23
<b>Blade Runner Rogue</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 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21E</b>	<b>Q4 21E</b>
Gross Bookings										0.0	0.4	1.6
DAU										0.00	0.03	0.10
MAU										0.01	0.09	0.32
DAU/MAU										33%	33%	33%
ARPDau €										0.10	0.13	0.17

Source: Company data and Nordea estimates

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

<b>Company</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
Gross Bookings	<b>31.1</b>	<b>35.9</b>	<b>34.5</b>	<b>26.9</b>	<b>33.4</b>	<b>73.6</b>
DAU	0.4	0.4	0.3	0.2	0.3	0.7
MAU	1.3	1.7	1.3	0.7	1.0	2.2
DAU/MAU	33%	26%	27%	31%	32%	33%
ARPPDAU \$	0.22	0.25	0.30	0.42	0.35	0.35
ARPPDAU €	0.20	0.22	0.27	0.36	0.29	0.31
<b>TWD - NML</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
Gross Bookings		21.4	15.9	15.4	14.8	10.5
DAU		0.28	0.19	0.15	0.15	0.10
MAU		0.85	0.58	0.46	0.44	0.30
DAU/MAU		33%	33%	33%	34%	34%
ARPPDAU €		0.22	0.23	0.30	0.28	0.28
<b>TWD - OW</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
Gross Bookings		14.0	18.5	11.5	9.2	6.1
DAU		0.30	0.15	0.07	0.07	0.04
MAU		1.43	0.68	0.26	0.23	0.13
DAU/MAU		21%	22%	27%	28%	29%
ARPPDAU €		0.26	0.34	0.44	0.46	0.46
<b>Stranger Things IP</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
Gross Bookings					7.9	35.5
DAU					0.13	0.37
MAU					0.39	1.12
DAU/MAU					33%	33%
ARPPDAU €					0.22	0.26
<b>Blade Runner Rogue</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
Gross Bookings					2.0	13.9
DAU					0.05	0.11
MAU					0.14	0.34
DAU/MAU					33%	33%
ARPPDAU €					0.13	0.34

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 the company's low cash balance and its ability to publish new games in the extremely competitive mobile gaming market.

## Short-term risk factors

### Low cash balance could impose the need for further capital injection

Next Games' cash balance was EUR 4.3m at the end of 2020, after the EUR 8m capital injection in Q4 2019. It received a further EUR 4m in proceeds following a share issuance in March 2021 and boasted cash balance of EUR 4.9m mid-2021. If the company cannot maintain cash flow neutrality during 2021-22, we see an increasing risk of the need for another capital injection in 2022. The availability of capital is dependent on the outlook and the quality of the company's game development pipeline. Our visibility of the pipeline is limited given that gaming companies typically do not publish detailed KPIs about unfinished projects.

### Change in the access to IDFA

Apple announced changes to its new iOS in 2020. One of these changes relates to new privacy settings, where Apple users 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. It is unclear how this will affect mobile gaming companies' user acquisition methodologies. Thus, this puts the efficiency of mobile gaming companies' user acquisition at risk as well.

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

Currently Next Games is dependent 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 will decline at a faster rate if, for example, TWD IP loses its fan base or Next Games is not able to create new and interesting content for the players of the game.

### Inability to launch new games as per the expected schedule

Announced game launches are subject to uncertainty. Those game projects may be killed if the KPIs do not meet the targeted levels. This in turn could result in write-downs of capitalised R&D expenses or weaker-than-expected sales development.

### 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 an 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 the departure of 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 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	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>31</b>	<b>32</b>	<b>35</b>	<b>35</b>	<b>27</b>	<b>34</b>	<b>74</b>	<b>81</b>
Revenue growth	n.a.	n.a.	n.m.	220.5%	4.4%	8.6%	-1.5%	-21.6%	24.2%	117.7%	10.0%
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	-4	-6	-2	-4	-15	-3	-1	0	5	8
Depreciation and impairments PPE	0	0	0	0	-1	-1	-2	-2	-3	-3	-3
of which leased assets	0	0	0	0	0	0	-1	-1	-1	-1	-1
EBITA	0	-4	-7	-2	-5	-16	-5	-3	-2	2	6
Amortisation and impairments	0	0	0	0	0	-1	-2	-2	-2	-3	-3
EBIT	0	-4	-7	-2	-5	-17	-7	-5	-5	0	3
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	-1	0	0	-1	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>	<b>0</b>	<b>-4</b>	<b>-7</b>	<b>-2</b>	<b>-6</b>	<b>-17</b>	<b>-8</b>	<b>-5</b>	<b>-5</b>	<b>0</b>	<b>3</b>
Reported taxes	0	0	0	2	0	-1	-1	0	0	0	-1
Net profit from continued operations	0	-4	-7	0	-6	-18	-8	-5	-5	0	2
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	-4	-7	0	-6	-18	-8	-5	-5	0	2
<b>EPS, EUR</b>	<b>n.a.</b>	<b>-1.57</b>	<b>-2.00</b>	<b>0.01</b>	<b>-0.37</b>	<b>-0.99</b>	<b>-0.36</b>	<b>-0.19</b>	<b>-0.16</b>	<b>-0.02</b>	<b>0.07</b>
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.m.	n.m.	-66.2%	-5.5%	-13.6%	-41.8%	-10.0%	-2.3%	0.3%	6.7%	10.4%
EBITA	n.m.	n.m.	-70.2%	-7.0%	-15.6%	-44.5%	-14.8%	-10.0%	-7.4%	3.2%	7.2%
EBIT	n.m.	n.m.	-70.2%	-7.0%	-15.6%	-48.0%	-21.4%	-17.0%	-14.5%	-0.5%	3.4%

## Adjusted earnings

EBITDA (adj)	0	-4	-6	-3	-3	-15	-3	-1	0	5	8
EBITA (adj)	0	-4	-7	-3	-4	-16	-5	-3	-2	2	6
EBIT (adj)	0	-4	-7	-3	-4	-17	-7	-5	-5	0	3
EPS (adj, EUR)	n.a.	-1.57	-2.00	-0.06	-0.31	-0.98	-0.36	-0.20	-0.16	-0.02	0.07

## Adjusted profit margins in percent

EBITDA (adj)	n.m.	n.m.	-66.2%	-8.4%	-10.6%	-41.4%	-10.0%	-3.7%	0.3%	6.7%	10.4%
EBITA (adj)	n.m.	n.m.	-70.2%	-9.9%	-12.6%	-44.0%	-14.8%	-11.5%	-7.4%	3.2%	7.2%
EBIT (adj)	n.m.	n.m.	-70.2%	-9.9%	-12.6%	-47.6%	-21.5%	-18.4%	-14.5%	-0.5%	3.4%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	513.7%	22.9%	1.7%	17.8%	18.1%
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.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	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.	-25.2%	-32.2%	-26.8%	-22.5%	-23.8%	-16.7%	-5.8%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	-23.0%	-28.8%	-21.5%	-15.5%	-14.2%	-6.7%	3.8%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	22.4
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	7.9	n.m.	n.m.	n.m.	386.3	8.3	4.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	6.7	n.m.	n.m.	n.m.	n.m.	17.5	6.8
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	7.5	n.m.	n.m.	n.m.	n.m.	n.m.	14.4

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	22.4
EV/Sales	n.a.	n.a.	n.a.	n.a.	-0.84	0.35	0.70	2.14	1.33	0.56	0.49
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	6.9	n.m.	n.m.	n.m.	386.3	8.3	4.7
EV/EBITA	n.a.	n.a.	n.a.	n.a.	5.9	n.m.	n.m.	n.m.	n.m.	17.5	6.8
EV/EBIT	n.a.	n.a.	n.a.	n.a.	5.9	n.m.	n.m.	n.m.	n.m.	n.m.	14.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.m.	-92.9%	-25.3%	-2.0%	2.7%	10.2%	5.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.m.	-92.9%	-29.4%	-3.7%	0.3%	7.8%	2.8%
Payout ratio	n.a.	0.0%	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	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	0	1	3	10	14	14	15	15	17	19
of which R&D	0	0	1	1	7	10	11	12	11	13	15
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	2	3	3	3	3	3	3	3
Tangible assets	0	0	0	1	0	7	5	4	3	3	4
of which leased assets	0	0	0	0	0	0	4	4	3	3	3
Shares associates	0	1	0	1	1	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	1	0	1	0	0	0	0
Deferred tax assets	0	0	0	2	3	2	1	2	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	0	0	0	0	0	1	0	0	0
Total non-current assets	0	1	1	7	14	23	22	22	18	20	22
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	1	3	6	5	6	5	4	5	11	12
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	2	5	4	26	7	8	4	8	12	14
Total current assets	0	2	8	10	31	14	13	8	14	24	26
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</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>32</b>	<b>44</b>	<b>48</b>
Shareholders equity	0	2	5	7	39	23	23	19	19	18	21
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	2	5	7	39	23	23	19	19	18	21
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	0	1	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	3	2	2	2	2
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	1	1	5	4	3	2	2	2
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	1	4	9	6	9	4	7	10	22	24
Current lease debt	0	0	0	0	0	0	1	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	3	0	0	0	0
Total current liabilities	0	1	4	9	6	9	8	8	11	23	25
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>3</b>	<b>9</b>	<b>17</b>	<b>46</b>	<b>36</b>	<b>35</b>	<b>30</b>	<b>32</b>	<b>44</b>	<b>48</b>
<b>Balance sheet and debt metrics</b>											
Net debt	0	-2	-5	-4	-27	-8	-1	-1	-4	-8	-10
of which lease debt	0	0	0	0	0	0	4	3	3	3	3
Working capital	0	0	0	-3	-1	-3	1	-3	-5	-11	-13
Invested capital	0	1	1	5	14	20	23	19	13	9	9
Capital employed	0	2	5	7	39	23	31	23	23	22	24
ROE	n.m.	n.m.	n.m.	1.5%	-26.2%	-58.0%	-36.3%	-24.7%	-25.1%	-2.5%	11.3%
ROIC	n.m.	n.m.	n.m.	-96.5%	-40.7%	-79.9%	-28.2%	-19.9%	-24.3%	-2.5%	24.3%
ROCE	n.m.	n.m.	n.m.	-52.0%	-19.3%	-51.8%	-27.9%	-19.3%	-21.3%	-1.5%	11.8%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-38.2	-1.7	-1.2
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	-66.3%	72.3%	55.3%	43.5%	86.1%	62.7%	65.9%	65.3%	58.2%	41.8%	42.6%
Net gearing	95.6%	-70.5%	-94.9%	-52.9%	-69.1%	-33.7%	-3.3%	-2.6%	-23.6%	-45.2%	-47.1%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>-4</b>	<b>-6</b>	<b>-2</b>	<b>-4</b>	<b>-15</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>8</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	-2	0	5	-4	-1	3	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	4	6	3	1	-3	4	3	0	0	0
<b>Funds from operations (FFO)</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>	<b>8</b>
Change in NWC	0	0	0	0	-1	1	0	0	2	6	1
<b>Cash flow from operations (CFO)</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>11</b>	<b>9</b>
Capital expenditure	0	0	0	-1	-2	-7	-3	-3	-4	-6	-6
<b>Free cash flow before A&amp;D</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>5</b>	<b>3</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	-1	-7	-19	-6	-1	1	5	3
Free cash flow bef A&D, lease adj	0	0	0	-1	-7	-19	-7	-2	0	4	1
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	0	30	0	8	0	4	0	0
Net change in debt	0	0	0	0	0	0	-2	0	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	-2	-1	-1
Other non-cash adjustments	0	2	3	0	-1	0	1	-2	0	0	0
Change in cash	0	2	3	-1	23	-19	0	-3	4	4	1
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	0.0%	n.m.	n.m.	n.m.	n.m.	68.9%	74.1%	75.4%	n.m.	n.m.
Capex/Sales	n.m.	0.0%	0.0%	1.9%	7.7%	19.1%	7.9%	10.9%	11.2%	8.4%	7.9%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	9	1	1	2	2	2	2
Market cap.	n.a.	n.a.	n.a.	n.a.	0	20	25	59	49	49	49
Enterprise value	n.a.	n.a.	n.a.	n.a.	-27	12	24	58	45	41	40
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	19.0	28.0	28.0	30.0	30.0	30.0

Source: Company data and Nordea estimates

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