

## Ingredients for growth in place

Next Games H2 results were overall rather neutral, with the highlight being the continued good publishing operations profitability. The new games appear to be well on the way but larger scale ramp-up will likely have to wait until H2/2021. We retain our SELL-rating with a target price of EUR 1.8 (1.6).

**Rather neutral H2, good publishing operations profitability**  
Next Games H2 revenue was EUR 12.8m (Evli 13.6m) and adj. EBIT EUR -0.2m (Evli 0.5m). Apart from an overly optimistic view on the contribution of the new projects on our part the H2 figures were quite as expected, with the gross bookings of the NML and Our World games in line with our expectations. NML continued on a rather steady trajectory while Our World metrics continued on a declining trend. Publishing operations EBITDA was at a good level of EUR 3.0m (Evli EUR 3.4m) and FY2020 publishing operations EBITDA-% was at a commendable 24%.

### New games key factor in 2021

Next Games expects revenue in 2021 to amount to over EUR 40m and for EBITDA to remain positive. Based on the comments for the plans to scale the new games (Blade Runner Rogue, Stranger Things: Puzzle Tales) we see that in our former estimates our scaling assumptions may have been too optimistic. The Blade Runner Rogue game is set for launch in its main market the US in Q1. The Stanger Things game was launched in certain markets in December 2020 and is set for certain feature updates before larger scale up. We have adjusted our 2021 revenue estimate to EUR 44.2m (prev. 50.5m) and EBITDA estimate to EUR 2.1m (1.7m). We expect larger ramp-up in scaling of games during H2.

### SELL with a target price of EUR 1.8 (1.6)

Next Games remains a growth company, with yet little proof of growth on group level in previous years. Success of new games is crucial, both for growth and improvements in cash flows, with the proportionately high share of R&D affecting profitability and cash position. On our new estimates and with increases in peer multiples we raise our TP to EUR 1.8 (1.6), SELL-rating intact.

## Rating

■ SELL



Share price, EUR (Last trading day's closing price) 2.80

Target price, EUR 1.8

Latest change in recommendation 21-Aug-20

Latest report on company 26-Nov-20

Research paid by issuer: YES

No. of shares outstanding, '000's 27,986

No. of shares fully diluted, '000's 27,986

Market cap, EURm 78

Free float, % 45.0

Exchange rate 0.000

Reuters code NXTGMS.HE

Bloomberg code NXTGMS FH

Average daily volume, EURm 0.04

Next interim report 13-Aug-21

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	34.7	-7.4	-21.4%	-7.1	-0.30	-3.0	0.6	-3.0	-28.5	0.00
2020	27.2	-3.4	-12.5%	-2.2	-0.14	-16.6	2.3	-18.3	-3.5	0.00
2021E	44.2	-1.5	-3.3%	-2.5	-0.05	-52.3	1.8	-54.7	-3.2	0.00
2022E	69.2	2.9	4.1%	2.1	0.07	38.4	1.1	27.5	2.7	0.00
2023E	88.1	5.9	6.7%	4.3	0.16	17.3	0.8	12.5	5.5	0.00
Market cap, EURm			78	Gearing 2021E, %			11.7	CAGR EPS 2020-23, %		0.0
Net debt 2021E, EURm			2	Price/book 2021E			4.4	CAGR sales 2020-23, %		47.9
Enterprise value, EURm			80	Dividend yield 2021E, %			0.0	ROE 2021E, %		-8.0
Total assets 2021E, EURm			34	Tax rate 2021E, %			20.0	ROCE 2021E, %		-6.4
Goodwill 2021E, EURm			3	Equity ratio 2021E, %			52.4	PEG, P/E 21/CAGR		0.0

All the important disclosures can be found on the last pages of this report.

Next Games	2019	H1/20	H2/20	2020	H1/21E	H2/21E	2021E	2022E	2023E
Net sales	34.7	14.4	12.8	27.2	15.3	29.0	44.2	69.2	88.1
<i>change, %</i>	-2%	-25%	-17%	-22%	6%	126%	63%	56%	27%
Cost of revenue	-15.0	-6.8	-6.1	-12.9	-6.9	-13.0	-19.9	-31.1	-39.6
Gross profit	19.7	7.6	6.7	14.3	8.4	15.9	24.3	38.1	48.4
<i>-margin, %</i>	57%	53%	52%	53%	55%	55%	55%	55%	55%
Other operating income	0.0	0.4	0.3	0.7	0.0	0.0	0.0	0.0	0.0
R&D costs	-6.6	-2.6	-2.9	-5.6	-3.0	-3.0	-6.0	-7.0	-9.0
Sales and marketing costs	-17.6	-5.0	-4.5	-9.5	-6.0	-11.0	-17.0	-25.0	-30.0
Admin costs	-3.0	-1.9	-1.3	-3.2	-1.4	-1.4	-2.8	-3.2	-3.5
EBIT	-7.4	-1.6	-1.7	-3.4	-2.0	0.5	-1.5	2.9	5.9
<i>-margin, %</i>	-21%	-11%	-13%	-13%	-13%	2%	-3%	4%	7%
Depreciations	2.9	1.5	1.4	2.9	1.4	1.4	2.8	3.0	3.0
IFRS 2 adjustment	0.5	0.3	0.1	0.4	0.1	0.1	0.2	0.1	0.1
Adj. operating result	-4.0	0.1	-0.2	-0.1	-0.5	2.0	1.5	6.0	9.0
<i>-margin, %</i>	-11%	1%	-2%	0%	-3%	7%	3%	9%	10%
Publishing operations									
EBITDA	3.8	3.4	3.0	6.4	3.2	5.7	8.9	14.8	20.2

Next Games	2019	H1/20	H2/20	2020	H1/21E	H2/21E	2021E	2022E	2023E
DAU (m)	0.34	0.24	0.21	0.22	0.30	0.65	0.48	0.89	1.07
TWD: NML	0.19	0.16	0.14	0.15	0.13	0.13	0.13	0.10	0.05
TWD: Our World	0.15	0.08	0.06	0.07	0.06	0.05	0.06	0.04	0.02
Blade Runner Rogue					0.05	0.15	0.10	0.15	0.14
Stranger Things: Puzzle Tales					0.06	0.33	0.19	0.40	0.38
Game 1/2022								0.18	0.20
Game 2/2022								0.02	0.18
Game 1/2023									0.10
ARPPDAU (EUR)	0.27	0.33	0.36	0.35	0.29	0.24	0.24	0.17	0.22
TWD: NML	0.23	0.28	0.33	0.30	0.28	0.26	0.27	0.17	0.13
TWD: Our World	0.34	0.46	0.43	0.44	0.40	0.39	0.39	0.25	0.18
Blade Runner Rogue					0.10	0.22	0.16	0.21	0.22
Stranger Things: Puzzle Tales					0.21	0.23	0.22	0.25	0.25
Game 1/2022								0.20	0.23
Game 2/2022								0.18	0.23
Game 1/2023									0.18
Gross bookings (EURm)	34.5	14.2	12.7	26.9	15.3	29.0	44.2	69.2	88.1
TWD: NML	15.9	7.9	7.5	15.4	7.0	5.9	12.8	6.2	2.4
TWD: Our World	18.5	6.3	5.2	11.5	4.4	3.7	8.1	3.7	1.3
Blade Runner Rogue					1.8	5.9	7.7	11.5	11.2
Stranger Things: Puzzle Tales					2.1	13.5	15.6	36.5	34.7
Game 1/2022								9.9	16.8
Game 2/2022								1.5	15.1
Game 1/2023									6.6

NEXT GAMES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EV/Sales		
		20	21	22	20	21	22	20	21	22
Zynga	10837	17.6x	18.3x	15.5x	18.0x	21.0x	17.3x	5.6x	4.3x	3.7x
SciPlay Corp	404	2.4x	3.4x	3.2x	2.8x	3.9x	3.6x	4.2x	4.0x	3.7x
Glu Mobile	1814	16.3x	19.2x	15.7x	17.4x	20.5x	16.6x	3.4x	3.0x	2.5x
Stillfront Grp	3694	22.7x	14.8x	12.9x	25.0x	17.8x	15.5x	9.7x	6.3x	5.5x
Rovio Entmt	470	6.0x	7.3x	7.3x	8.3x	9.2x	9.0x	1.4x	1.4x	1.2x
Ten Square Games	900	18.5x	14.3x	13.4x	18.8x	14.2x	12.9x	6.1x	4.9x	4.3x
Digital Bros	301	8.7x	7.3x	6.7x	15.7x	13.7x	11.5x	2.0x	1.8x	1.6x
G5 Entertainment	479							3.4x	3.0x	2.6x
Starbreeze	114									
MAG Interactive	109	23.5x	20.9x	16.8x		104.9x	46.8x	4.1x	3.4x	3.1x
Peer Group Average	1912	<b>14.5x</b>	<b>13.2x</b>	<b>11.4x</b>	<b>15.2x</b>	<b>25.7x</b>	<b>16.6x</b>	<b>4.5x</b>	<b>3.6x</b>	<b>3.1x</b>
Peer Group Median	475	<b>17.0x</b>	<b>14.5x</b>	<b>13.2x</b>	<b>17.4x</b>	<b>16.0x</b>	<b>14.2x</b>	<b>4.1x</b>	<b>3.4x</b>	<b>3.1x</b>
Next Games (Evli est.)	<b>78</b>	<b>124.5x</b>	<b>37.8x</b>	<b>11.6x</b>	<b>-18.3x</b>	<b>-54.7x</b>	<b>27.5x</b>	<b>2.3x</b>	<b>1.8x</b>	<b>1.1x</b>

Next Games prem./disc. to peer median 634% 160% -12% -205% -442% 93% -44% -47% -63%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.80 PV of Free Cash Flow	32 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	2.19 PV of Horizon value	29 WACC, %	13.0 Market risk premium, %	5.8
Share price potential, %	-21.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	2.3 Marketable securities	4 Minimum WACC, %	12.5 Equity beta coefficient	1.80
Minimum value	2.1 Debt - dividend	-4 Maximum WACC, %	13.5 Target debt ratio, %	15
Horizon value, %	46.8 Value of stock	61 Nr of shares, Mn	28.0 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	27	44	69	88	95	99	104	110	115	121	124	127
<i>Sales growth, %</i>	-21.6	62.6	56.4	27.3	7.5	5.0	5.0	5.0	5.0	5.0	2.5	2.5
Operating income (EBIT)	-3	-1	3	6	9	10	10	11	12	12	12	13
<i>Operating income margin, %</i>	-12.5	-3.3	4.1	6.7	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
+ Depreciation+amort.	4	4	4	4	5	5	6	6	6	7	7	
EBITDA	1	2	7	10	14	15	16	17	18	19	19	
- Paid taxes	0	0	-1	-1	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	1	2	2	2	1	0	0	1	1	1	0	
<i>NWC / Sales, %</i>	-10.7	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-5	-5	-5	-6	-6	-6	-6	-7	-7	-7	
<i>opCAPEX / Sales, %</i>	14.8	13.9	9.1	7.4	7.1	7.0	6.9	6.8	6.8	6.7	7.8	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	1	0	0	0	0	0	0	0	0	0	0	
= FCFF	-1	-1	3	6	7	8	8	9	9	10	10	95
= Discounted FCFF		-1	3	4	5	4	4	4	4	3	3	29
= DFCF min WACC		-1	3	4	5	4	4	4	4	3	3	31
= DFCF max WACC		-1	3	4	5	4	4	4	3	3	3	26

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	0.0	14.4	0.0	12.8	27.2	0.0	15.3	0.0	29.0	44.2	69.2	88.1
EBITDA	0.0	0.3	0.0	0.2	0.5	0.0	-0.2	0.0	2.3	2.1	6.8	10.4
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>2.4</i>	<i>0.0</i>	<i>1.3</i>	<i>1.8</i>	<i>0.0</i>	<i>-1.4</i>	<i>0.0</i>	<i>8.1</i>	<i>4.8</i>	<i>9.8</i>	<i>11.8</i>
EBIT	0.0	-1.6	0.0	-1.8	-3.4	0.0	-2.0	0.0	0.5	-1.5	2.9	5.9
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-14.1</i>	<i>-12.5</i>	<i>0.0</i>	<i>-13.2</i>	<i>0.0</i>	<i>1.9</i>	<i>-3.3</i>	<i>4.1</i>	<i>6.7</i>
Net financial items	0.0	-0.2	0.0	-0.4	-0.6	0.0	-0.2	0.0	-0.2	-0.4	-0.3	-0.3
Pre-tax profit	0.0	-1.8	0.0	-2.2	-4.0	0.0	-2.2	0.0	0.3	-1.9	2.5	5.7
Tax	0.0	0.1	0.0	0.1	0.2	0.0	0.4	0.0	-0.1	0.4	-0.5	-1.1
<i>Tax rate (%)</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>4.8</i>	<i>5.1</i>	<i>0.0</i>	<i>20.0</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	-1.7	0.0	-2.1	-3.8	0.0	-1.8	0.0	0.3	-1.5	2.0	4.5
EPS	0.00	-0.06	0.00	-0.07	-0.14	0.00	-0.06	0.00	0.01	-0.05	0.07	0.16
EPS adjusted (diluted no. of shares)	0.00	-0.06	0.00	-0.07	-0.14	0.00	-0.06	0.00	0.01	-0.05	0.07	0.16
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>SALES, EURm</b>												
Next Games	0.0	14.4	0.0	12.8	27.2	0.0	15.3	0.0	29.0	44.2	69.2	88.1
Total	0.0	14.4	0.0	12.8	27.2	0.0	15.3	0.0	29.0	44.2	69.2	88.1
<b>SALES GROWTH, Y/Y %</b>												
Next Games	<i>0.0</i>	<i>-25.1</i>	<i>0.0</i>	<i>-17.3</i>	<i>-21.6</i>	<i>0.0</i>	<i>5.9</i>	<i>0.0</i>	<i>126.4</i>	<i>62.6</i>	<i>56.4</i>	<i>27.3</i>
Total	<i>0.0</i>	<i>-25.1</i>	<i>0.0</i>	<i>-17.3</i>	<i>-21.6</i>	<i>0.0</i>	<i>5.9</i>	<i>0.0</i>	<i>126.4</i>	<i>62.6</i>	<i>56.4</i>	<i>27.3</i>
<b>EBIT, EURm</b>												
Next Games	0.0	-1.6	0.0	-1.8	-3.4	0.0	-2.0	0.0	0.5	-1.5	2.9	5.9
Total	0.0	-1.6	0.0	-1.8	-3.4	0.0	-2.0	0.0	0.5	-1.5	2.9	5.9
<b>EBIT margin, %</b>												
Next Games	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-14.1</i>	<i>-12.5</i>	<i>0.0</i>	<i>-13.2</i>	<i>0.0</i>	<i>1.9</i>	<i>-3.3</i>	<i>4.1</i>	<i>6.7</i>
Total	<i>0.0</i>	<i>-11.1</i>	<i>0.0</i>	<i>-14.1</i>	<i>-12.5</i>	<i>0.0</i>	<i>-13.2</i>	<i>0.0</i>	<i>1.9</i>	<i>-3.3</i>	<i>4.1</i>	<i>6.7</i>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	31.1	32.5	35.2	34.7	27.2	44.2	69.2	88.1
<i>Sales growth (%)</i>	<i>220.5</i>	<i>4.4</i>	<i>8.5</i>	<i>-1.5</i>	<i>-21.6</i>	<i>62.6</i>	<i>56.4</i>	<i>27.3</i>
EBITDA	-1.9	-4.7	-14.7	-3.5	0.5	2.1	6.8	10.4
<i>EBITDA margin (%)</i>	<i>-6.3</i>	<i>-14.4</i>	<i>-41.9</i>	<i>-10.0</i>	<i>1.8</i>	<i>4.8</i>	<i>9.8</i>	<i>11.8</i>
Depreciation	-0.2	-0.4	-2.2	-4.0	-3.9	-3.6	-3.9	-4.4
EBITA	-2.2	-5.1	-16.9	-7.4	-3.4	-1.5	2.9	5.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.2	-5.1	-16.9	-7.4	-3.4	-1.5	2.9	5.9
<i>EBIT margin (%)</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-21.4</i>	<i>-12.5</i>	<i>-3.3</i>	<i>4.1</i>	<i>6.7</i>
Reported EBIT	-2.2	-5.1	-16.9	-7.4	-3.4	-1.5	2.9	5.9
<i>EBIT margin (reported) (%)</i>	<i>-7.0</i>	<i>-15.6</i>	<i>-48.0</i>	<i>-21.4</i>	<i>-12.5</i>	<i>-3.3</i>	<i>4.1</i>	<i>6.7</i>
Net financials	-0.1	-1.0	0.0	-0.3	-0.6	-0.4	-0.3	-0.3
Pre-tax profit	-2.3	-6.0	-16.9	-7.8	-4.0	-1.9	2.5	5.7
Taxes	2.5	-0.1	-1.2	-0.5	0.2	0.4	-0.5	-1.1
Minority shares	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.1	-6.1	-18.0	-8.3	-3.8	-1.5	2.0	4.5
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	3	8	13	13	14	17	19	21
Goodwill	2	3	3	3	3	3	3	3
Right of use assets	0	0	5	4	3	3	3	3
Inventory	0	0	0	0	0	0	0	0
Receivables	6	5	6	5	4	7	10	13
Liquid funds	4	26	7	8	4	3	7	9
Total assets	17	46	36	35	30	34	44	51
<b>Liabilities</b>								
Shareholder's equity	7	39	23	23	19	18	20	24
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	5	4	3	3	3	3
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	1	1	1	2	4	1
Non-interest bearing current liabilities	9	6	8	7	7	11	17	22
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	17	46	37	35	30	34	44	51
<b>CASH FLOW, EURm</b>								
+ EBITDA	-2	-5	-15	-3	1	2	7	10
- Net financial items	0	-1	0	0	-1	0	0	0
- Taxes	0	0	0	0	0	0	-1	-1
- Increase in Net Working Capital	0	-1	1	0	1	2	2	2
+/- Other	2	3	2	0	1	0	0	0
= Cash flow from operations	0	-4	-12	-4	2	4	8	11
- Capex	1	0	-2	-3	-4	-6	-6	-7
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	0	-4	-14	-7	-2	-3	2	4
+/- New issues/buybacks	3	38	2	8	0	0	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	-4	-11	-7	-1	-1	1	2	-2
Change in cash	-1	23	-19	0	-3	-1	4	2

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	168	20	25	63	78	78	78
Net debt (excl. convertibles)	-26	-1	-3	0	2	0	-4
Enterprise value	143	18	22	62	80	78	74
Sales	32	35	35	27	44	69	88
EBITDA	-5	-15	-3	1	2	7	10
EBIT	-5	-17	-7	-3	-1	3	6
Pre-tax	-6	-17	-8	-4	-2	3	6
Earnings	-6	-18	-8	-4	-1	2	5
Equity book value (excl. minorities)	39	23	23	19	18	20	24
<b>Valuation multiples</b>							
EV/sales	4.4	0.5	0.6	2.3	1.8	1.1	0.8
EV/EBITDA	-30.4	-1.2	-6.4	124.5	37.8	11.6	7.1
EV/EBITA	-28.1	-1.1	-3.0	-18.3	-54.7	27.5	12.5
EV/EBIT	-28.1	-1.1	-3.0	-18.3	-54.7	27.5	12.5
EV/OCF	-34.7	-1.5	-6.1	34.6	22.2	9.3	6.8
EV/FCFF	-23.4	-1.0	-3.6	-45.4	-74.3	22.6	13.1
P/FCFE	-39.4	-1.4	-3.5	-28.2	-31.3	37.0	18.2
P/E	-30.1	-1.1	-3.0	-16.6	-52.3	38.4	17.3
P/B	4.3	0.9	1.1	3.2	4.4	3.9	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	24.7	7.4	4.4
Target EV/EBIT	0.0	0.0	0.0	0.0	-35.7	17.7	7.8
Target EV/FCF	0.0	0.0	0.0	0.0	-21.0	23.8	10.7
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.1
Target P/E	0.0	0.0	0.0	0.0	-33.6	24.7	11.1
<b>Per share measures</b>							
Number of shares	18,219	18,503	27,909	27,986	27,986	27,986	27,986
Number of shares (diluted)	18,219	18,503	27,909	27,986	27,986	27,986	27,986
EPS	-0.34	-0.97	-0.30	-0.14	-0.05	0.07	0.16
Operating cash flow per share	-0.23	-0.65	-0.13	0.06	0.13	0.30	0.39
Free cash flow per share	-0.23	-0.74	-0.25	-0.08	-0.09	0.08	0.15
Book value per share	2.16	1.24	0.82	0.69	0.64	0.71	0.87
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF yield, %	-2.5	-70.0	-28.5	-3.5	-3.2	2.7	5.5
<b>Efficiency measures</b>							
ROE	-26.2	-58.0	-36.3	-17.9	-8.0	10.8	20.4
ROCE	-22.8	-49.5	-26.9	-13.7	-6.4	11.4	21.3
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	15.3	18.0	15.1	14.3	15.0	15.0	15.0
Non-interest bearing liabilities as % of sales	17.3	22.1	20.1	25.0	25.0	25.0	25.0
NWC/sales, %	-1.9	-4.1	-5.0	-10.7	-10.0	-10.0	-10.0
Operative CAPEX/sales, %	0.5	5.0	9.9	14.8	13.9	9.1	7.4
CAPEX/sales (incl. acquisitions), %	0.5	5.0	9.9	14.8	13.9	9.1	7.4
FCFF/EBITDA	1.3	1.3	1.8	-2.7	-0.5	0.5	0.5
Net debt/EBITDA, book-weighted	5.5	0.1	0.8	-1.0	1.0	0.0	-0.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	88.7	62.6	65.9	64.7	52.4	45.2	48.0
Gearing, %	-65.2	-6.2	-12.4	-2.6	11.7	-0.1	-17.7

**COMPANY DESCRIPTION:** Next Games is a Finland-based developer and publisher of licensed mobile games. The Company develops games in cooperation with the license owners of the entertainment products, for instance a television series. The company's current live games include The Walking Dead No Man's Land and the Walking Dead: Our World along with several new projects under development including the Stranger Things -game and Blade Runner Rogue.

**INVESTMENT CASE:** Next Games' success will rely heavily on the launch of new games during 2021. Growth has been stagnant as the number of users in both live games have seen a declining trend. With an expected larger portfolio of live games in the coming years, growth should in our view pick up and profitability improve due to a lower relative share of development costs.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ovaskainen Jari Juhani Rainer	7,378,068	20.659	26.4%
IDG Ventures USA III, L.P.	1,188,306	3.327	4.2%
Hiitola Kalle Johannes	971,675	2.721	3.5%
Achrén Joakim Tomas Johan	897,901	2.514	3.2%
Lions Gate Entertainment Inc.	795,889	2.228	2.8%
Jumisko Jaakko Ensio	752,246	2.106	2.7%
Achrén Mikael Jan Kennet	670,557	1.878	2.4%
Varma Mutual Pension Insurance Company	570,000	1.596	2.0%
Ilmarinen Mutual Pension Insurance Company	489,066	1.369	1.7%
Danske Invest Finnish Small Cap Fund	306,465	0.858	1.1%
Ten largest	14,020,173	39.256	50%
Residual	13,965,815	39.104	50%
Total	27,985,988	78.361	100%

#### EARNINGS CALENDAR

August 13, 2021

Q2 report

#### OTHER EVENTS

March 31, 2021

AGM

#### COMPANY MISCELLANEOUS

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Aleksanterinkatu 9A, 00100 Helsinki

CFO: Annina Salvén

Tel:

IR:



## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

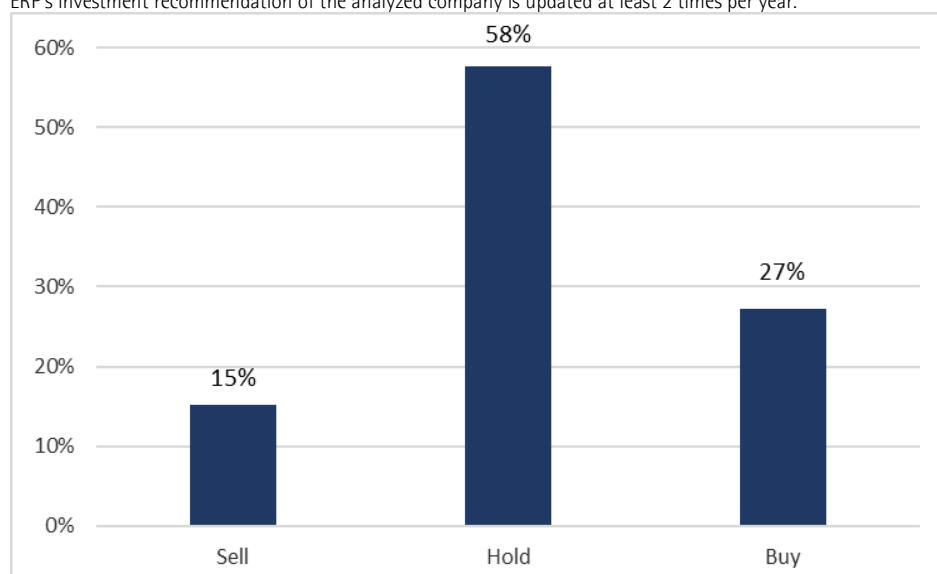
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< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi

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