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| | |
|-----------------------------|-------------|
| Target price [PLN] | 1,44 |
| DCF valuation [PLN] | 0,92 |
| Comparative valuation [PLN] | 1,92 |
| Market price [PLN] | 1,2300 |
| Mkt capitalisation [mn PLN] | 36,60 |
| Free float [mn PLN] | 26.01 |
| Sector | GAMES |
| WSE code | VVD |
| Bloomberg ticker | VVD PW |

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Company profile:

A modern development studio involved in the design, production and publishing of games for modern mobile phones (smartphones) - which constitute the most dynamically developing sector of the market.

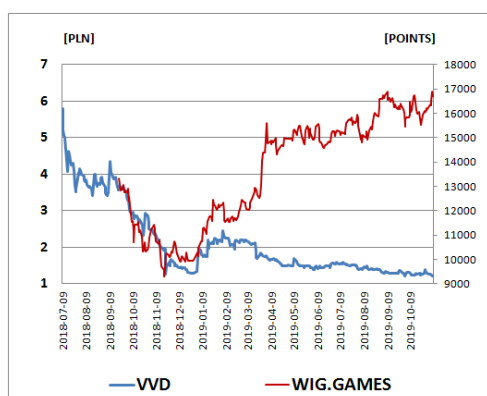
Source: Bankier.pl

| Major Stockholders: | [%] |
|----------------------------|------------|
| Remigiusz Kościelny | 21.61 |
| Jarosław Wojczakowski | 21.46 |
| Other | 56.93 |

VIVID GAMES S.A.

Update of the Analytical Report

Vivid Games, named a “**Hidden Tiger**” in the Initiative Analytical Report, has so far proved to be a **Paper Tiger**. The forecasts presented in the report, both in terms of estimating Vivid Games's revenues in 2019 and the likelihood of risk materialization, turned out to be too optimistic. However, at the level of net profit, the forecasts proved to be too conservative in relation to the company's ability to translate sales revenues into the net result. Instead of the loss forecast for Q3'19, the company reported 0.56 million net profit and it forecasts the closing of 2019 in the plus, with lower revenues than previously assumed. This is positive information, demonstrating effectiveness of the management board who have been able to generate sufficient cash flow to cover current liabilities and repay loans, but not high enough to repay bonds. The latter element, i.e. the materializing credit risk, may soon play a key role in the market valuation of Vivid Games shares.



| [in million PLN] | 2018 | 2019P | 2020P | 2021P | 2022P | 2023P |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Income from sales | 10,3 | 11,2 | 14,8 | 15,7 | 17,3 | 19,0 |
| EBITDA | 1,9 | 5,8 | 7,6 | 8,2 | 9,5 | 9,6 |
| <i>EBITDA margin</i> | 18,1% | 52,0% | 51,2% | 52,4% | 55,0% | 50,2% |
| EBIT | -4,4 | 0,7 | 2,8 | 3,1 | 4,0 | 3,7 |
| Net profit (loss) | -5,4 | 0,2 | 2,6 | 2,4 | 3,3 | 3,0 |
| Shareholders' equity | 15,7 | 16,1 | 28,7 | 31,1 | 34,3 | 37,4 |
| Net debt | 11,8 | 13,6 | 3,4 | 2,3 | 0,5 | -2,9 |
| P/E | -6,7 | 239,1 | 14,2 | 15,2 | 11,2 | 12,0 |
| P/BV | 2,3 | 2,3 | 1,3 | 1,2 | 1,1 | 1,0 |
| EV/EBITDA | 25,8 | 8,6 | 5,3 | 4,7 | 3,9 | 3,5 |

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This paper is an abstract of the update of the analytical report, the full version of which is available in Polish on the website of the Brokerage House of BPSS.A. https://panel.dmbps.pl/files2/repository/m1_MTEzNzE.pdf.