

VIVID GAMES S.A.

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Target price [PLN]	2.07
DCF valuation [PLN]	1.79
Comparative valuation [PLN]	2.17
Market price [PLN]	1.5360
Pot. of growth/decl. [%]	34.68%
Mkt capitalisation [mn PLN]	45.69
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
Jaroslaw Wojczakowski	21.46
Other	56.93

Initiating Report

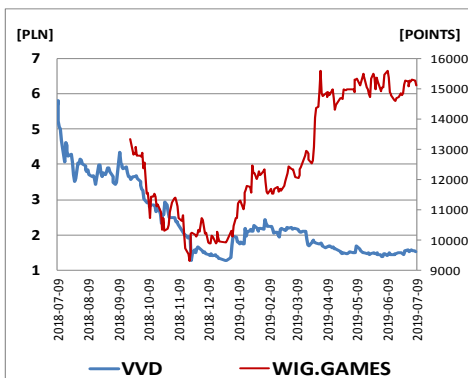
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Vivid Games S.A. operates in a very dynamic industry of mobile games that are distributed globally to smartphones via Google Play and the App Store. The games produced by the Company are "Free-to-Play" and subsequently they are monetized through micropayments and advertisements displayed. The mobile games market is the largest and fastest growing game segment. This branch is the most important part of the entertainment industry in general.

The flagship production of the studio is a series of games released under the **Real Boxing** brand (3 games in total), whose number of downloads has exceeded 66 million, generating the revenues of PLN 55 million for the Group.

The Company raises its competences on the mobile games market by creating modern technologies, for which it obtains funding from the National Center for Research and Development (NCBiR).

The Group's business model has recently been enriched with a subscription mechanism, which will strengthen the pace of its development.



[in million PLN]	2018	2019P	2020P	2021P	2022P	2023P
Income from sales	10.3	14.3	15.7	19.6	21.5	23.7
EBITDA	1.9	5.7	4.5	7.0	7.4	7.8
EBITDA margin	18.1%	39.9%	28.7%	35.6%	34.6%	33.1%
EBIT	-4.4	0.2	0.0	2.3	2.7	3.0
Net profit (loss)	-5.4	-0.8	-0.5	1.8	2.2	2.4
Shareholders' equity	15.7	15.1	14.6	16.4	18.6	21.0
Net debt	11.8	7.1	9.1	3.1	-3.8	-12.2
P/E	-8.4	-55.9	-84.8	25.2	21.1	19.4
P/BV	2.9	3.0	3.1	2.8	2.5	2.2
EV/EBITDA	30.7	9.3	12.1	7.0	5.6	4.3

This paper is an abstract of the initiating analytical report, the full version of which is available in Polish on the website of the Brokerage House of BPS S.A.: https://dmbps.pl/informacje/222/VIVID_GAMES_SA__raport_analityczny

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