

Monday, February 01, 2021 | special comment

## **Ten Square Games: Sensor Tower Revenue and App Downloads for January**

Rating: buy | target price: PLN 724.00 | current price: PLN 504.00

**TEN PW; TENP.WA | Gaming, Poland**

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- Sensor Tower's revenue calculations are provided net of app store commissions.
- **Fishing Clash** generated estimated sales of \$8 million in January (flat m/m, +98% y/y) after 2.3 million downloads (+0.1 million m/m). In zloty the commission-adjusted revenue was consistent with expectations at PLN 48m.
- **Hunting Clash** sales amounted to \$1.3 million (+63% m/m) on 2.3 million downloads (up from 1.2 million the previous month). In zloty the commission-adjusted revenue was PLN 7m, twice the amount achieved by Fishing Clash in the same time from launch.
- **Hunting Clash has gone from strength to strength since its global launch, meanwhile sales of Fishing Clash seem to have plateaued. We expect Ten Square Games to increase marketing for its games in the coming months in a bid to generate more sales. We currently have a buy call for TEN.**

**List of abbreviations and ratios contained in the report:**

**EV** – net debt + market value (EV – economic value)  
**EBIT** – Earnings Before Interest and Taxes  
**EBITDA** – EBIT + Depreciation and Amortisation  
**PBA** – Profit on Banking Activity  
**P/CE** – price to earnings with amortisation  
**MC/S** – market capitalisation to sales  
**EBIT/EV** – operating profit to economic value  
**P/E** – (Price/Earnings) – price divided by annual net profit per share  
**ROE** – (Return on Equity) – annual net profit divided by average equity  
**P/BV** – (Price/Book Value) – price divided by book value per share  
**Net debt** – credits + debt papers + interest bearing loans – cash and cash equivalents  
**EBITDA margin** – EBITDA/Sales

**OVERWEIGHT (OW)** – a rating which indicates that we expect a stock to outperform the broad market

**NEUTRAL (N)** – a rating which indicates that we expect the stock to perform in line with the broad market

**UNDERWEIGHT (UW)** – a rating which indicates that we expect the stock to underperform the broad market

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**ACCUMULATE** – we expect that the rate of return from an investment will range from 5% to 15%  
**HOLD** – we expect that the rate of return from an investment will range from -5% to +5%  
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**Relative** – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

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