

Media and Games Invest SE*5a;5b;7;11

Rating: Buy

Target price: € 9.40
(previously: € 9.40)

Current price: 3.18
06/06/22 / Xetra /
(17:35 pm)
Currency: EUR

Master data:

ISIN: MT0000580101
WKN: A1JGT0
Ticker symbol: M8G
Number of shares³: 159.25
Market cap³: 506.41
EnterpriseValue³: 702.20
³ in m / in m EUR

Free float: 57.7%

Transparency level:
Nasdaq First North Premier

Market segment:
Freiverkehr
(Open Market)

Accounting:
IFRS

Financial year: 31.12.

Designated Sponsors:
Hauck & Aufhäuser
Privatbankiers AG
Pareto Securities AB

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* Catalogue of possible conflicts of interest on page 5

Date (time) completion:
07/06/2022 (8:44 am)

Date (time) first distribution:
07/06/2022 (10:00 am)

Validity of target price: until
max. 31/12/2022

Company profile

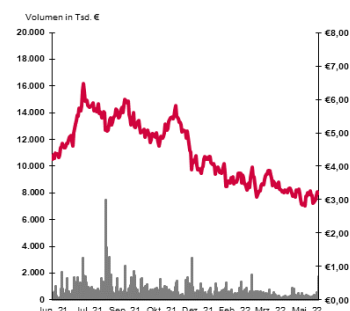
Industry: Digital media and games
Focus: Ad-Tech and mobile/online-games

Employees: >800

Founded: in 2011 (gamigo in 2000)

Registered office: Malta (expected from 2023 Sweden)

Executive Board: Remco Westermann (CEO), Paul Echt (CFO)



Media and Games Invest SE (MGI) is an advertising software platform with extensive first-party data from its own games content. MGI's main operational presence is in North America and Europe. The company combines organic growth with value-generating synergetic acquisitions, which has demonstrated continuous strong profitable growth with a revenue CAGR of 77% (2018 –2021). Next to strong organic growth, the MGI Group has successfully acquired more than 35 companies and assets over the past six years. The acquired assets and companies have been integrated and, amongst others, cloud technology is actively used to achieve efficiency gains and competitive advantages. MGI is registered as Societas Europaea (SE) in Malta (registration number SE 15) and its shares are listed on Nasdaq First North Premier Growth Market in Stockholm and in the Scale segment of the Frankfurt Stock Exchange. The company has a secured bond that is listed on Nasdaq Stockholm and on the Frankfurt Stock Exchange Open Market.

P&L in m EUR \ FY-end	31/12/2021	31/12/2022e	31/12/2023e	31/12/2024e
Revenues	252.20	307.22	377.76	473.08
Adj. EBITDA	71.10	91.72	121.14	152.33
EBITDA	65.00	87.52	116.94	147.03
EBIT	36.80	55.49	81.64	106.23
Net result (after minorities)	16.10	25.98	43.41	59.99

Key figures in EUR

Earnings per share	0.11	0.16	0.27	0.38
Dividend per share	0.00	0.00	0.00	0.00

Key figures

EV/Revenue	2.78	2.29	1.86	1.48
EV/ Adj. EBITDA	9.88	7.66	5.80	4.61
EV/EBITDA	10.80	8.02	6.00	4.78
EV/EBIT	19.08	12.65	8.60	6.61
P/E ratio (after minorities)	31.45	19.49	11.67	8.44
P/B ratio	1.65			

Financial dates

29/07/2022: Annual General Meeting 2022
31/08/2022: Half-year report FY 2022
30/11/2022: Quarterly Report Q3 2022

****last research from GBC:**

Date: Publication / Target price in EUR / Rating
05/05/2022: RS / 9.40 / BUY
09/03/2022: RS / 9.20 / BUY
31/08/2021: RS / 8.50 / BUY
07/07/2021: RS / 8.00 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

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Q1 2022: MGI continues to grow strongly; Significant earnings increase due to scale, efficiency and M&A effects; Continuation of dynamic sales growth expected; GBC estimates and target price confirmed

P&L (in m €)	Q1 2021	Q1 2022
Revenues	51.93	65.87
EBITDA (EBITDA margin)	12.09 (23.3%)	16.87 (25.6%)
Adjusted EBITDA (Adjusted EBITDA margin)	13.48 (25.9%)	17.55 (26.6%)
Result for the period	2.29	2.54
EPS in €	0.02	0.02

Sources: Media and Games Invest SE; GBC AG

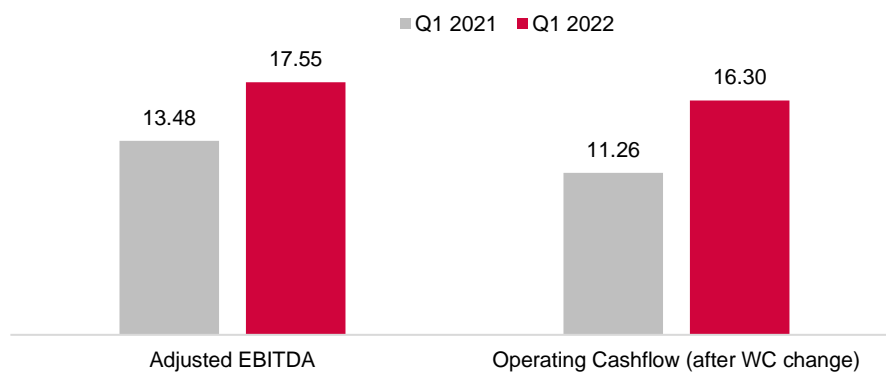
Business development Q1 2022

Media and Games Invest SE (MGI) published its Q1 business figures on 31 May 2022. According to these figures, the Group again achieved a significant increase in revenue in the first quarter of the year compared to the same quarter of the previous year by around 27.0% to € 65.87 million (Q1 2021: € 51.93 million) and was thus able to continue its dynamic growth course. In addition to inorganic growth impulses (e.g. through the Smaato acquisition), the growth was primarily driven by organic growth effects (+18.0%) within the MGI Demand Side and Supply Side business segments.

In addition, the Group announced that the number of software customers increased significantly by 26.0% in the first quarter compared to the previous quarter (Q4 2021). MGI has thus established a good basis for further growth, as the business customers acquired typically increase their business volume with the Group gradually over time.

In addition, the business volume with existing software customers with an annual turnover of more than USD 100,000 was also significantly expanded in the first quarter, which was also reflected in an increased business expansion rate (so-called "net dollar expansion rate") of 125.0%. Key success factors for this included an extensive team, (first-party) games content and a high level of expertise in the area of cross-channel advertising campaigns for brands.

Development of EBITDA and operating cash flow (in € million)



Sources: Media and Games Invest SE; GBC AG

At the adjusted EBITDA level (Adj. EBITDA), the MGI Group achieved an increase in earnings of around 30.0% to € 17.55 million (Q1 2021: € 13.48 million) compared to the same quarter of the previous year, despite considerable personnel investments, and thus increased its profitability slightly disproportionately. This is mainly due to economies of scale,

synergies and efficiency gains. In addition, positive earnings effects from previously completed M&As also boosted Group profitability.

Significant increases were also achieved in terms of cash flow development. Compared to the same quarter of the previous year, the operating cash flow (after working capital changes) increased significantly by 44.8% to € 16.30 million (Q1 2021: € 11.26 million). In terms of value, there is only a slight difference between adjusted EBITDA and operating cash flow, which is an indication of the good quality of the company's results.

Forecasts and target price

In view of the very positive business performance in the first quarter and the positive expectations for the rest of the year, MGI's management has confirmed the corporate guidance (dated 28 April 2022) for the current financial period, which was previously raised as a result of the AxesInMotion acquisition. The company continues to expect consolidated revenues in a range of € 295.00 to € 315.00 million and adjusted EBITDA between € 83.00 to € 93.00 million. Based on this, the company expects year-on-year revenue growth of between 17.0% and 25.0% and EBITDA growth of between 17.0% and 31.0%.

Against this background of the strong company performance, the promising growth strategy and the maintained company guidance, we confirm our previous sales and earnings forecasts as well as our previous price target of € 9.40 per share. Based on the current share price level, we continue to give the rating "Buy" and see significant upside potential.

Overall, we continue to see the MGI Group well positioned to grow very dynamically and highly profitably in the future as an ad software platform with its own games content. Through the even stronger transformation into an ad-tech company, the company should succeed in continuing to "keep up" the current growth rate and additionally increase profitability. In addition, MGI's extensive liquid funds (including credit lines), which most recently amounted to around € 170.0 million (as of 31 March 2022), offer the possibility of setting additional growth impulses through M&A transactions at any time and further advancing the group's profitability. It should be mentioned here that M&As are an important component of the company's growth strategy.

APPENDIX

I.

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BUY

The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.

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The analysts responsible for this analysis are:

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Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Chief Analyst

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