

Media and Games Invest SE

Sweden / Application Software
 Nasdaq First North Premier & Xetra
 Bloomberg: M8G GR
 ISIN: SE0018538068

Q2 results

RATING
BUY

PRICE TARGET
€ 3.20

Return Potential 179.7%
 Risk Rating High

STILL TIGHT AD BUDGETS DIM H2 OUTLOOK

The effects of soft ad spend were in focus in Q2 reporting. Fx-adjusted organic sales growth (OSG) remained gated at 1% for the second consecutive quarter and well below levels reported in 2022 (18% to 23%). Headline Q2 figures were close to FBe, but management now expect ad spend to remain weak in H2 and reduced their 2023 guidance. Profitability remained strong resulting in good cash flows for the April-to-June period. The company remains well positioned with its products and technology, but investors will need to be patient as the ad markets work through a down cycle amidst macro headwinds. We have cut FBe to match updated 2023 guide and also dialled back our 2024 growth assumption until increasing ad budgets become more visible. We remain Buy-rated on MGI with a €3.2 TP (old: €4.0).

Second quarter takeaways The company reduced guidance (overleaf) pointing to continued soft ad spend volumes that could not be offset by a 13% Y/Y rise in ad impressions (overleaf) and a 9% increase in the number of software clients. The latter is the primary growth driver, and MGI has onboarded 46 new clients since H2/22. But this growth has flattened out sequentially of late, although the retention rate for clients that generate > \$100k in sales p.a. remained high at 96%. This performance was however offset by slumping ad spend and weak CPMs (cost per 1k impressions). Fx-adjusted OSG remained well below 2022 levels at 1% because the net \$ expansion rate¹ continues to tail off (Q2: 82%) on market headwinds (Q4/22: 96%). MGI brass has initiated a cost savings program to preserve cash flows and facilitate further deleveraging. This should kick in with ~€10m in annualised savings starting in Q4. Despite near-term challenges, MGI remains a market leader in mobile programmatic and stands to benefit from tightening privacy rules. The company is also looking to keep pace with AI developments with investments into its AI-driven targeting products, such as Moments.AI. Although the dimmer H2 outlook does not cheer investors already cautious about ad businesses, MGI can tread water with good profitability and cash flows until the market rebound materialises. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022	2023E	2024E
Revenue (€m)	83.89	140.22	252.17	324.44	303.36	326.11
Y/Y growth	157.2%	67.1%	79.8%	28.7%	-6.5%	7.5%
AEBITDA (€m)	18.11	29.09	71.10	93.15	92.65	94.01
AEBITDA margin	21.6%	20.7%	28.2%	28.7%	30.5%	28.8%
Net income (€m)*	-0.32	6.58	28.02	21.08	16.23	14.24
EPS (diluted) (€)*	-0.01	0.04	0.20	0.14	0.10	0.09
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	3.13	3.13	-12.50	-230.79	-42.45	48.98
Net gearing	22.4%	31.2%	63.7%	84.3%	82.0%	81.1%
Liquid assets (€m)	32.98	46.25	180.16	149.99	112.57	111.96

¹ compares revenue generated by same customers at the BoP vs EoP * Adjusted for PPA-amortisation

RISKS

Risks include but are not limited to: revenue diversity, financing, technology, and regulatory risks.

COMPANY PROFILE

Media and Games Invest SE is an advertising software platform with strong first-party games. MGI combines organic growth with value-generating synergetic acquisitions and has achieved strong profitable growth with a 78% revenue CAGR (2019-2022). MGI has acquired and integrated over 35 companies and assets in the past 10 years to achieve efficiency gains & competitive advantages.

MARKET DATA

As of 11 Sep 2023

Closing Price	€ 1.14
Shares outstanding	159.25m
Market Capitalisation	€ 182.18m
52-week Range	€ 0.83 / 1.97
Avg. Volume (12 Months)	88,714

Multiples	2022	2023E	2024E
P/E	8.5	11.2	12.8
EV/Sales	1.8	1.9	1.8
EV/AEBITDA	6.2	6.2	6.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2023

Liquid Assets	€ 107.59m
Current Assets	€ 185.98m
Intangible Assets	€ 799.45m
Total Assets	€ 1,002.97m
Current Liabilities	€ 186.36m
Shareholders' Equity	€ 319.19m

SHAREHOLDERS

Bodhivas GmbH	26.4%
Oaktree Capital Mngt	17.7%
Free Float	55.9%



SECOND QUARTER HIGHLIGHTS

Table 1: Second quarter results vs prior year and FBe

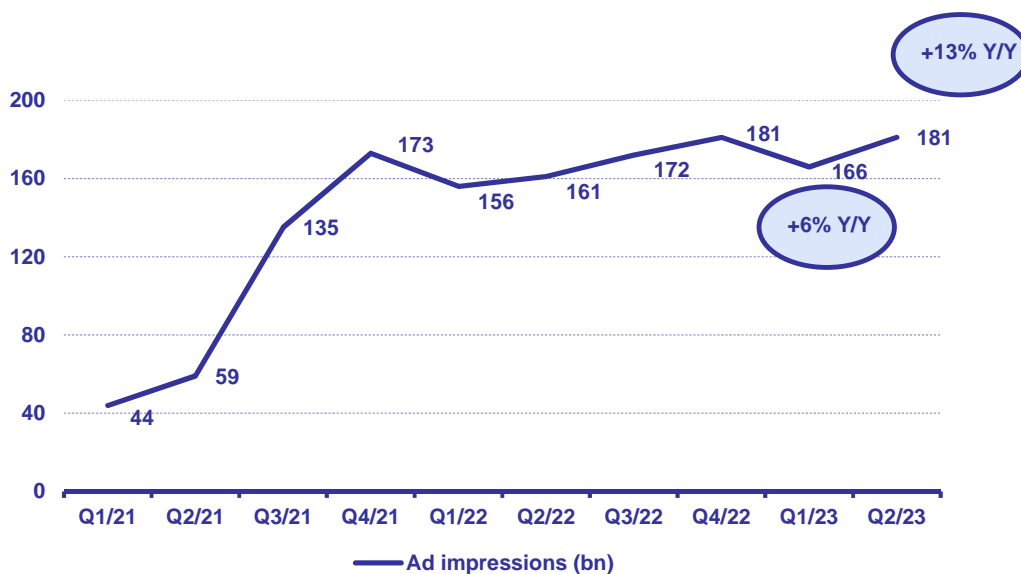
EURm	Q2/23	Q2/23E	Variance	Q2/22	Variance	H1/23	H1/22	Variance
Revenue	76.2	78.8	-3%	78.1	-2%	144.9	143.9	1%
EBITDA	20.0	20.5	-2%	20.0	0.0%	37.4	36.9	1%
Margin	26%	26%	-	26%	-	26%	26%	-
EBIT	12.8	12.5	2%	11.9	8%	23.9	21.8	10%
Margin	17%	16%	-	15%	-	16%	15%	-
AEBITDA ¹	21.3	21.8	-2%	21.1	1%	40.4	38.6	5%
Margin	28%	28%	-	27%	-	28%	27%	-
AEBIT ²	16.6	16.2	2%	16.4	1%	31.7	29.9	6%
Margin	22%	21%	-	21%	-	22%	21%	-

¹ EBITDA adjusted for one-off expenses; ² EBIT adjusted for one-off & PPA expenses

Source: First Berlin Equity Research; Media and Games Invest

Operations holding up despite market headwinds Q2 sales, adjusted for divestments and Fx effects (€4.1m), were up some 3% Y/Y, spurred by the 13% growth in ad impressions and a 9% Y/Y rise in the number of software clients.

Figure 1: YTD Ad impressions are still growing



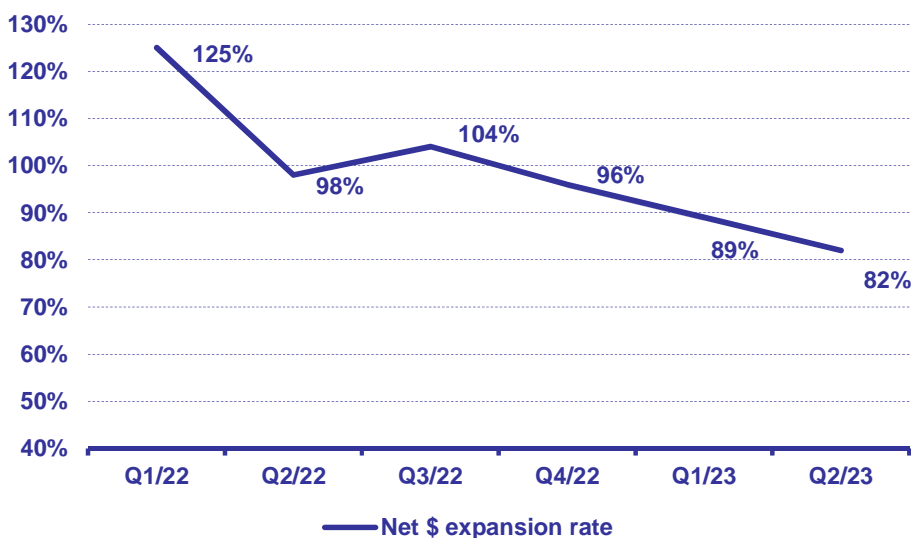
On a non-adjusted basis, revenue fell 2% Y/Y for the April-to-June period. Fx-adjusted OSG tallied 1% for the period with market headwinds continuing to pressure the net \$ expansion rate to 82% (figure 2 overleaf). Revenues were up around 11% Q/Q, and, despite headwinds, MGI management expect a normal quarterly cadence. Performance traditionally builds throughout the year as unused H1 budgets spill over into H2, while Q4 is boosted by holiday sale and Christmas effects.

AEBITDA totalled €21.3m for the three-month period (+1% Y/Y) despite the revenue contraction, whereas AEBIT, excluding PPA amortisation of ~€3.8m, was stable Y/Y and amounted to €16.6m. Profitability remains encouraging with the AEBITDA margin hitting 28% (Q2/22: 27%) and landing firmly within management's targeted corridor of 25% to 30%.

In the six months to July, the company recorded a 1% increase in turnover to €145m, while sales topped €325m with AEBITDA of €95m on an LTM basis



Figure 2: Net \$ expansion rate development



Source: First Berlin Equity Research; Media and Games Invest

Table 2: Financial position highlights

EURm	Q2/23	2022	Variance
Cash	108	150	-28%
Liabilities (short- and long-term)	684	723	-5%
Net debt	308	274	12%
Intangible assets	800	791	1%
Total assets	1,003	1,045	-4%
Total equity	319	322	-1%
Equity ratio	32%	31%	-
Interest coverage ratio*	3.0x	4.0x	-
Net leverage ratio	3.2x	2.9x	-

* based on cash interest expenses

Source: First Berlin Equity Research; Media and Games Invest

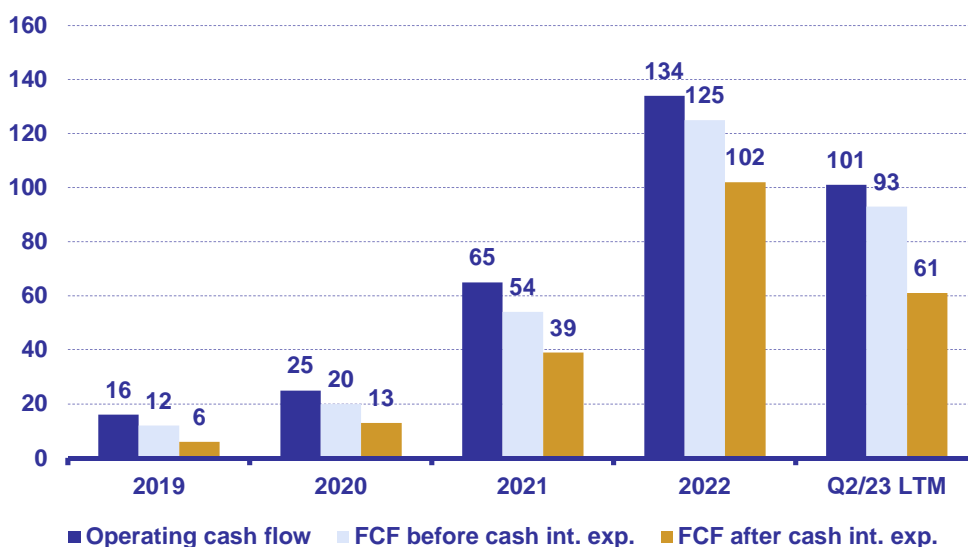
Equity ratio up to 32% Cash and liquid assets declined some 28% YTD on working capital consumption and bond buybacks. The leverage ratio stood at 3.2x at the six month juncture vs 2.9x at YE22 and 3.7x at the end of H1/22. The company expects working capital release to boost H2 FCF and help compress the leverage KPI back below 3.0x by YE23.

**Table 3: Cash flow developments**

EURm	Q2/23	Q2/22	Variance	2022
Operating cash flow	20.8	18.5	12%	78.9
Change in working capital	-7.7	2.8	n.m.	55.3
Net operating cash flow	13.1	21.3	-38%	134.2
Investing cash flow	-24.0	-116.6	n.m.	-176.7
Financing cash flow	-11.5	93.0	n.m.	12.3
Net cash flow	-22.4	-2.2	n.m.	-30.2
Cash & cash equivalents	107.6	125.4	-14%	150.0

Source: First Berlin Equity Research; Media and Games Invest

Operating cash flow before WC adjustments rose 12% Y/Y to €20.8m in the April-to-June period. Cash consumption by higher receivables meant that net operating cash was down 38% Y/Y but still positive after a negative result in Q1/23. LTM conversion of AEBITDA into FCF was 61% vs 91% in 2022. We trace the decline to increasing cash interest expenses with 3 month Euribor on the rise.

Figure 3: Cash flow developments (EURm)

Source: First Berlin Equity Research; Media and Games Invest

**Table 4: Updated guidance**

	2022 Results			Guidance		
	Unit	Actual	Normalised*	2023 (old)	2023 (new)	FBe
Revenue	€m	324	303	335 - 345	At normalised 2022 levels ²	303
Growth	%	29	20	3 - 7	0	-7
AEBITDA	€m	93	93	95 - 105	At 2022 levels	93
Growth	%	31	31	2 - 13	0	0

* No normalised revenue performance for divestments and Fx effects; ² compared to normalised 2022 revenue

Source: Media and Games Invest

Reduced guidance on still soft ad spend Management are now calling for sales on par with “normalised” 2022 turnover, which strips out €12m in Fx-headwinds and €9m in divested sales after the company cleaned up its gaming portfolio. Regardless of comps, the new guidance is a step down from the financial guide given in May 2023 that still factored in topline growth of 3% to 7% vs non-normalised 2022A. Cost cutting measures should boost margins and allow MGI to match the prior year AEBITDA of €93m. We have realigned our 2023 targets and also dialled back 2024 growth to 8% (old: 16%).

Table 5: Updated FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	4.0	3.2	-20.0%	179.7%	0.0%	179.7%
All figures in € '000	2023E			2024E		
	old	new	revision	old	new	revision
Revenue	335,521	303,355	-9.6%	388,198	326,107	-16.0%
EBITDA	88,680	86,653	-2.3%	104,691	90,014	-14.0%
Margin (%)	26.4%	28.6%	-	27.0%	27.6%	-
EBIT	56,150	56,885	1.3%	68,631	58,115	-15.3%
Margin (%)	16.7%	18.8%	-	17.7%	17.8%	-
AEBITDA*	95,180	92,653	-2.7%	104,691	94,014	-10.2%
Margin (%)	28.4%	30.5%	-	27.0%	28.8%	-

* adjusted for one-offs

Source: First Berlin Equity Research estimates



VALUATION MODEL

Our recalibrated forecasts now point to a €3.2 target price (old: €4.0). We remain Buy-rated on Media and Games Invest and believe the company can effectively batten down the hatches during the current market downswing.

Table 6: DCF model

All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	303,355	326,107	371,762	412,656	445,668	467,952	491,349	511,003
NOPLAT	41,122	42,336	48,575	58,785	63,681	67,561	71,977	75,716
(+) depreciation & amortisation	29,768	31,899	33,458	28,998	31,210	32,703	34,270	35,587
(=) Net operating cash flow	70,890	74,235	82,033	87,783	94,891	100,264	106,248	111,304
(-) Investments	-47,606	-36,575	-39,077	-27,284	-27,306	-27,070	-27,270	-26,828
(-) Working capital	-5,274	-1,530	-1,576	-1,719	-1,567	-1,291	-1,373	1,513
(=) Free cash flows (FCF)	18,010	36,130	41,380	58,781	66,017	71,903	77,605	85,989
PV of FCF's	17,468	31,667	32,774	42,071	42,698	42,024	40,986	41,038

All figures in thousands		Terminal EBIT margin							
		15.4%	17.4%	19.4%	21.4%	23.4%	25.4%	27.4%	
PV of FCFs in explicit period	399,795	9.2%	3.24	3.64	4.04	4.44	4.84	5.23	5.63
PV of FCFs in terminal period	434,974	9.7%	2.92	3.27	3.63	3.98	4.33	4.68	5.04
Enterprise value (EV)	834,769	10.2%	2.64	2.95	3.26	3.58	3.89	4.21	4.52
(+) Net cash / (-) net debt (pro-forma)	-271,297	10.7%	2.38	2.67	2.95	3.23	3.51	3.80	4.08
(-) Non-controlling interests	-501	11.2%	2.16	2.42	2.67	2.92	3.18	3.43	3.68
Shareholder value	562,972	11.7%	1.96	2.19	2.42	2.65	2.88	3.11	3.34
Fair value per share (€)	3.20	12.2%	1.78	1.99	2.20	2.41	2.61	2.82	3.03

		Terminal growth rate							
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	
Cost of equity	13.5%	9.2%	3.75	3.95	4.18	4.44	4.74	5.10	5.53
Pre-tax cost of debt	9.0%	9.7%	3.40	3.57	3.76	3.98	4.23	4.52	4.86
Tax rate	28.0%	10.2%	3.09	3.23	3.40	3.58	3.79	4.03	4.31
After-tax cost of debt	6.5%	10.7%	2.81	2.94	3.08	3.23	3.41	3.61	3.84
Share of equity capital	60.0%	11.2%	2.56	2.67	2.79	2.92	3.07	3.24	3.43
Share of debt capital	40.0%	11.7%	2.34	2.43	2.54	2.65	2.78	2.92	3.08
WACC	10.7%	12.2%	2.14	2.22	2.31	2.41	2.52	2.64	2.77

*Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2019	2020	2021	2022	2023E	2024E
Revenues	83,893	140,220	252,166	324,444	303,355	326,107
Capitalised work	10,187	15,994	22,851	28,928	29,978	23,969
Total output	94,080	156,214	275,017	353,373	333,333	350,076
Services purchased + Other OpEx	-55,815	-96,365	-162,623	-215,619	-178,980	-192,142
Personnel expenses	-27,359	-39,573	-55,978	-76,207	-72,805	-73,178
Other operating income	4,636	6,272	8,626	23,206	5,105	5,258
EBITDA	15,542	26,549	65,042	84,753	86,653	90,014
Depreciation & amortisation	-10,543	-15,508	-28,238	-58,135	-29,768	-31,899
Operating income (EBIT)	4,999	11,041	36,804	26,618	56,885	58,115
Net financial result	-5,758	-7,139	-21,919	-37,959	-46,576	-44,642
Pre-tax income (EBT)	-759	3,901	14,885	-11,341	10,309	13,473
Income taxes	2,012	-1,194	1,169	-9,064	-4,131	-9,279
Net income	1,253	2,707	16,054	-20,405	6,179	4,194
Discontinued operations	0	0	0	0	0	0
Consolidated profit	1,253	2,707	16,054	-20,405	6,179	4,194
Minority interests	-1,577	352	7	88	-6	-4
Net income to owners	-324	3,059	16,060	-20,317	6,172	4,190
Diluted EPS (in €)	-0.01	0.03	0.11	-0.13	0.03	0.02
Adj. EPS (excl PPA amort.) (diluted)	-0.01	0.04	0.20	0.14	0.10	0.09
AEBITDA (excl: one-offs)	18,110	29,090	71,100	93,153	92,653	94,014
AEBIT (excl: PPA amort. & one-offs)	4,999	14,916	54,826	76,508	72,935	72,165
Ratios						
EBITDA margin on revenues	18.5%	18.9%	25.8%	26.1%	28.6%	27.6%
EBIT margin on revenues	6.0%	7.9%	14.6%	8.2%	18.8%	17.8%
Net margin on revenues	-0.4%	2.2%	6.4%	-6.3%	2.0%	1.3%
AEBITDA margin on revenues	21.6%	20.7%	28.2%	28.7%	30.5%	28.8%
Tax rate	n.a.	30.6%	n.a.	-79.9%	10.0%	32.5%
Expenses as % of revenues						
Services purchased + Other OpEx	66.5%	68.7%	64.5%	66.5%	59.0%	58.9%
Personnel expenses	32.6%	28.2%	22.2%	23.5%	24.0%	22.4%
Depreciation & amortisation	12.6%	11.1%	11.2%	17.9%	9.8%	9.8%
Y-Y Growth						
Revenues	157.2%	67.1%	79.8%	28.7%	-6.5%	7.5%
EBITDA	79.8%	70.8%	145.0%	30.3%	2.2%	3.9%
Operating income	114.7%	120.9%	233.4%	-27.7%	113.7%	2.2%
Net income/ loss	n.m.	n.m.	425.0%	n.m.	n.m.	-32.1%



BALANCE SHEET

All figures in EUR '000	2019	2020	2021	2022	2023E	2024E
Assets						
Current assets, total	55,856	92,375	283,599	221,022	179,061	183,440
Cash and equivalents	32,984	46,254	180,157	149,992	112,573	111,965
Trade receivables	22,872	46,121	103,442	71,030	66,489	71,476
Non-current assets, total	256,593	293,467	650,495	823,637	814,662	808,182
Property, plant & equipment	3,521	1,742	4,681	5,522	5,825	5,988
Intangible assets	233,208	272,829	605,746	791,284	799,132	792,343
Deferred taxes	11,215	15,737	11,545	6,651	6,784	6,920
Investments in associated companies	6,410	1,207	1,154	1,003	1,003	1,003
Other financial assets	2,239	1,952	27,369	19,177	1,918	1,927
Total assets	312,449	385,842	934,094	1,044,659	993,724	991,622
Shareholders' equity & debt						
Current liabilities, total	54,544	78,205	243,434	219,471	169,793	162,999
Trade payables	20,274	30,037	53,754	68,711	59,325	62,514
ST financial debt	6,772	6,087	32,027	31,903	0	0
Provisions	12,585	17,257	54,036	65,225	66,203	67,196
Other current financial liabilities	0	12,897	83,568	32,290	22,603	11,302
Other current liabilities	14,913	11,927	20,049	21,342	21,662	21,987
Long term liabilities, total	89,347	130,792	383,168	503,443	496,007	496,505
Long-term debt	8,369	11,671	16,034	89,618	89,618	89,618
Bonds	63,988	95,355	343,925	389,386	381,461	381,461
Other LT liabilities	0	0	0	0	0	0
Deferred tax liabilities	16,990	23,766	23,209	24,439	24,928	25,426
Shareholders' equity	168,558	176,845	307,492	321,745	327,924	332,118
Total consolidated equity and debt	312,449	385,842	934,094	1,044,659	993,724	991,622
Ratios						
Current ratio (x)	1.0	1.2	1.2	1.0	1.1	1.1
Net debt	37,776	55,188	195,795	271,297	268,888	269,496
ICR (x)	3.1	4.1	4.6	4.0	3.3	3.5
Net gearing	22%	31%	64%	84%	82%	81%
Net debt / EBITDA (x)	2.1	1.9	2.8	2.9	2.9	2.9
Equity ratio	54%	46%	33%	31%	33%	33%
Return on equity (ROE)	0.7%	1.5%	5.2%	-6.3%	1.9%	1.3%
Capital employed (CE)	257,905	307,637	690,660	825,188	823,931	828,623
Return on capital employed (ROCE)	2%	4%	5%	3%	7%	7%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022	2023E	2024E
Net income	1,253	2,707	16,054	-20,405	6,179	4,194
Depreciation and amortisation	10,543	15,508	28,238	58,135	29,768	31,899
Results from sale of subsidiaries	0	0	0	0	0	0
Other non-cash adjustments	-5,752	4,072	1,165	4,805	0	0
Net interest expense	5,529	6,264	21,600	35,061	46,576	44,642
Tax result	-822	1,194	1,939	5,702	4,131	9,279
Operating cash flow	10,751	29,745	68,996	83,298	86,653	90,014
Tax expense	0	0	-425	-4,362	-4,131	-9,279
Change in working capital	5,365	-4,543	-4,634	55,284	-3,191	-117
Net operating cash flow	16,116	25,202	63,937	134,220	79,331	80,619
Cash flow from investing	-12,987	-37,707	-294,729	-176,672	-30,348	-36,584
Cash flow from financing	25,408	25,774	364,695	12,288	-86,404	-44,642
Net cash flows	28,537	13,269	133,903	-30,164	-37,420	-608
Fx adjustments	0	0	0	0	0	0
Cash, start of the year	4,447	32,984	46,254	180,157	149,992	112,573
Cash, end of the year	32,984	46,253	180,157	149,992	112,573	111,965
Free cash flow (FCF)	3,129	-12,505	-230,792	-42,452	48,984	44,034
FCFps (in €)	0.05	-0.15	-1.63	-0.27	0.31	0.28
Y-Y Growth						
Operating cash flow	132.2%	56.4%	153.7%	109.9%	-40.9%	1.6%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	-10.1%
FCF / share	-74.6%	n.m.	n.m.	n.m.	n.m.	-10.1%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

The production of this recommendation was completed on 12 September 2023 at 10:56

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

Copyright© 2023 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of Media and Games Invest SE the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Media and Games Invest SE for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

First Berlin F.S.B. Investment-Beratungsgesellschaft mbH (hereafter FBIB), a company of the First Berlin Group, holds a stake of under 0.5% of the shares in the company which has been covered in this analysis. The analyst is not subject to any restrictions with regard to his recommendation and is therefore independent, so that we believe there is no conflict of interest. With regard to the financial analyses of Media and Games Invest SE the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Media and Games Invest SE for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	7 November 2019	€1.23	Buy	€2.10
2...22	↓	↓	↓	↓
23	25 April 2022	€3.23	Buy	€7.90
24	4 May 2022	€3.29	Buy	€8.20
25	2 June 2022	€3.08	Buy	€8.20
26	29 July 2022	€2.24	Buy	€4.40
27	9 September 2022	€1.92	Buy	€4.40
28	17 November 2022	€1.79	Buy	€4.40
29	6 March 2023	€1.62	Buy	€4.00
30	2 June 2023	€1.10	Buy	€4.00
31	Today	€1.14	Buy	€3.20

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments. Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future. Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.