Media and Games Invest plc

Malta / Entertainment
Xetra
Bloomberg: M8G GR
ISIN: MT0000580101

Update

RATING	**BUY**
PRICE TARGET	**€ 2.90**
Return Potential	118.0%
Risk Rating	High

MORE THAN JUST A GAME

We are raising our 2020 forecasts to reflect MGI's strong start to the year. In our view, MGI's growth prospects are excellent, thanks to market tailwinds and an M&A strategy that is paying off. The company is a market consolidator focused on the $150bn video gaming industry and digital media. And the latter business segment has been boosted by two key deals this year. After booking annualised revenue growth of 157% in 2019, we now see the topline reaching €115m (old: €100m) in 2020. Our recalibrated forecasts yield a €2.9 price target (old: €2.8). We remain Buy-rated on MGI.

Raising forecasts on good business momentum MGI has added over 20 gaming companies to the gamigo mother ship and another 10+ in digital media. The company leverages the value chains of the two sectors to harness synergies and spur profitable growth. In our view, the two mega-industries are a natural match. After racking up €84m in consolidated sales last year, we expect the M&A and organic growth engines to push revenues well into triple digit million territory for the first time this year. Our recalibrated forecasts model three-year revenue and EBITDA CAGRs of 26% and 32% respectively for 2020 to 2022.

More than just a game We have mostly regarded the media segment as a strategic mandate designed to drive MGI's gaming operations. Last year, gaming and media segment revenue was at parity, but gaming drove profitability with some 81% of group EBITDA. Now media is becoming more than just a lever to drive gaming growth. Management have expanded MGI's digital media arsenal with two major additions so far this year to bolster its mobile marketing (Verve Wireless Inc) and programmatic activities (Platform 161). The new additions are expected to generate >€20m in annual sales and provide up to €2m in annualised EBITDA in addition to strategic synergies. And prospects for growth are compelling. The online advertising market is thought to have been worth $294bn in 2019, driven by trends in A.I. and programmatic (see overleaf). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020E	2021E	2022E
Revenue (€ m)	32.62	83.89	114.93	142.52	165.32
Y/Y growth	n.a.	157.2%	37.0%	24.0%	16.0%
EBITDA (€ m)	8.65	15.54	20.37	28.17	34.73
EBITDA margin	26.5%	18.5%	17.7%	19.8%	21.0%
Net income (€ m)	5.26	1.25	0.64	6.11	9.44
EPS (diluted) (€)	0.10	-0.01	0.01	0.07	0.10
DPS (€)	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-7.17	3.13	-6.72	10.09	13.40
Net gearing	24.0%	27.4%	46.8%	43.4%	37.7%
Liquid assets (€ m)	4.45	32.98	10.16	13.53	11.58

RISKS

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

COMPANY PROFILE

MGI is a strategic investment holding company that pursues a 'buy-integrate-build-and-improve' strategy to foster fast-growing companies within the media and games segments through acquisitions and growth in operations. gamigo and AppLift are the flagship holdings within the group.

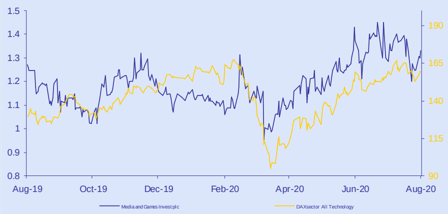
MARKET DATA

As of 05 Aug 2020

Closing Price	€ 1.33
Shares outstanding	70.00m
Market Capitalisation	€ 93.10m
52-week Range	€ 0.95 / 1.45
Avg. Volume (12 Months)	94,065

Multiples	2019	2020E	2021E
P/E	n.a.	188.2	20.5
EV/Sales	2.8	2.0	1.6
EV/EBITDA	14.9	11.4	8.2
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2019

Liquid Assets	€ 32.98m
Current Assets	€ 55.86m
Intangible Assets	€ 233.21m
Total Assets	€ 312.45m
Current Liabilities	€ 54.54m
Shareholders' Equity	€ 168.56m

SHAREHOLDERS

Bodhivas GmbH	62.4%
Free Float	37.6%

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BUY, INTEGRATE, BUILD & IMPROVE

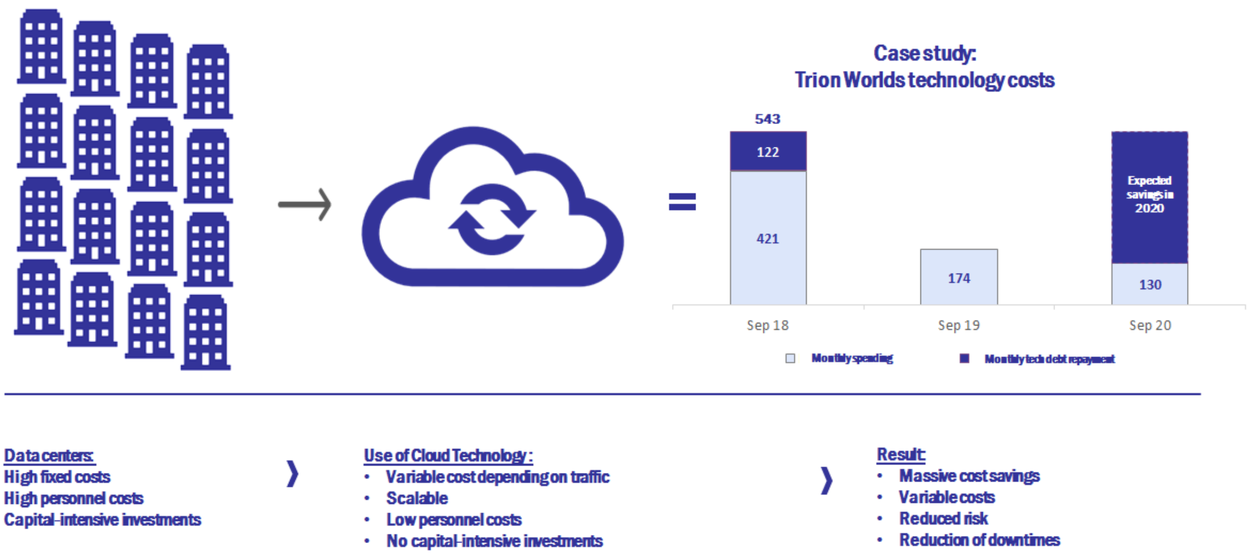
More corporate activity in the works MGI aims to capture synergies between the gaming and media industries to rev up gaming operations and create synergies. Having successfully bolted on 30+ companies across the gaming and media segments, the M&A pipeline remains full including a shortlist of >40 gaming candidates and another >27 media prospects. The former equates to some €400m in revenue potential, while the media shortlist tops €500m. These figures support our external growth assumptions of ~€59m this year and another €13m in 2021. We believe MGI could close another 2 to 3 more deals this year.

Management want to build a video gaming and media "powerhouse". While some may smirk at the hyperbole, given its size compared to industry stalwarts, the company has quickly built a rugged corporate structure well populated with strategic and profit generating assets. This is paying off as evidenced by case studies recently provided by the company.

TRION WORLDS CASE STUDY

Acquired in 2018, the integration of US-publisher and game developer, *Trion Worlds,* provides a compelling case study of MGI's M&A strategy and ability to quickly integrate and optimise assets.

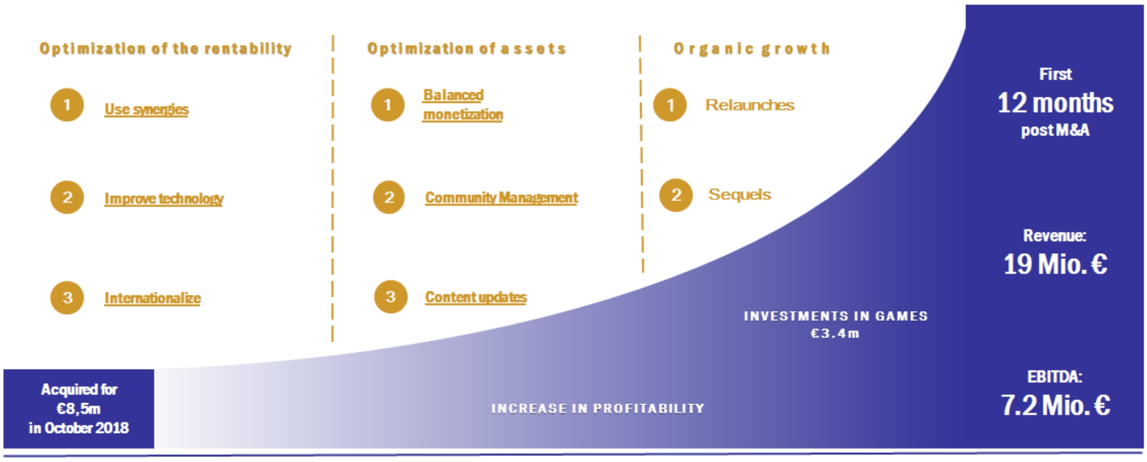
Figure 1: Trion Worlds' technology optimisation



Source: First Berlin Equity Research; MGI

The post-deal migration of *Trion Worlds'* legacy data centres to cloud-based solutions helped slash monthly technology spend to €174k as of September 2019 (Sept. '18: €421k). MGI expects to whittle this down to €130k by this fall, if the company is able to strike new deals with cloud-computing vendors—we suspect AWS, Microsoft, and Google are the front-runners. Plus, a €122k / month debt component was eliminated, which sets up overall monthly cost savings of €413k over a one year time frame.

Figure 2: Less than 24 month pay back



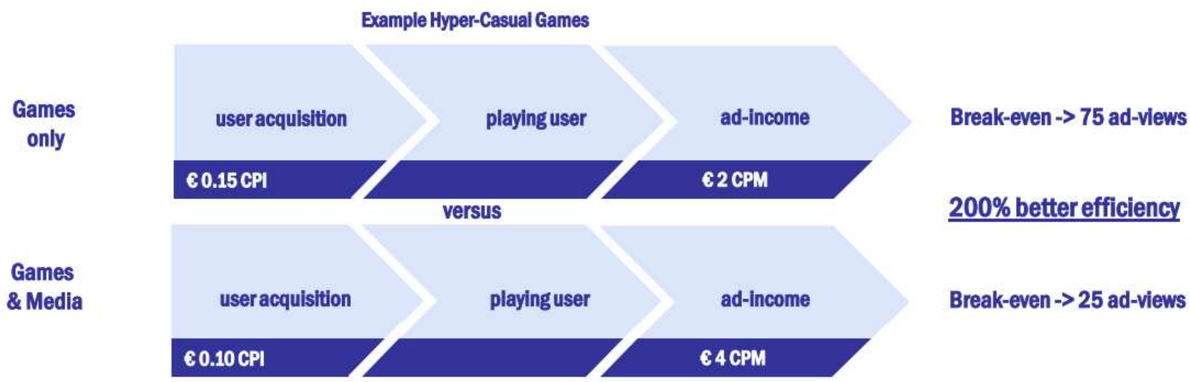
Source: First Berlin Equity Research; MGI

The €8.5m price tag and subsequent €3.4m of investments into content and integration costs paid off with post-deal, 12 month revenue and EBITDA streams of €19m and €7m respectively shrinking payback down to < 24 months.

CASE STUDY: GAMING PERFORMANCE METRICS

The gaming and media combination has yielded strong efficiency gains as seen in the solid improvement in the cost per install (CPI) and cost per mille (CPM) metrics. With the stand alone gaming only model, the company generated ad revenues of €2 per mille impressions (€0.002), which required 75 ad views to cover the €0.15 CPI for player acquisition. By leveraging gaming + media, ad-income doubles to €4 and the CPI falls to €0.10. This requires only a third of the ad-views for break-even.

Figure 3: Hyper casual games



Source: First Berlin Equity Research; MGI

Plus, the combination produces a much greater trove of valuable data. We note that MGI does not sell data to third parties. Rather it uses it to optimise its campaigns and initiatives. The data is instrumental in the company's growing programmatic activities (see overleaf) helping steer ads to the best suited target groups.

CORPORATE ACTIVITY YTD

The last gamigo deal made the biggest headline splash in H1 (see note of 22 April 2020), but management have been busy this year pulling the M&A levers having completed two deals.

New digital media assets In January, management moved to bolster MGI's mobile advertising roster with the acquisition of Verve Wireless Inc. The US-based company operates a mobile data platform for location-based programmatic video and display marketing. The deal allows MGI to scoop up all of Verve's technology and its team steeped in branded programmatic advertising and location-based analytics. The deal also strengthens the company's North American footprint and is expected to add a low double-digit million euro figure to the topline.

Verve subsequently joined forces with AppLift and PubNative to form the Verve Group, which will serve as the dock to anchor future media acquisitions. The Group now spans across 20 global offices with a staff of >350.

MGI continued to bulk up its media segment with the July acquisition of the demand side platform (DSP), Platform 161 BV. Founded in 2008, the Amsterdam-based programmatic advertising specialist automates the purchase of ad space and advertising inventory. The deal boosts MGI's media operations and expands the group's technology expertise, product portfolio, and customer base. Management expect Platform 161 to add some €10m to the topline with EBITDA of about €1m per annum.

What's next? Management have done some good work this year expanding company's media roster and cleaning up the gamigo minority stake, but low mobile gaming exposure remains the rub with the MGI portfolio.

The M&A team continues to monitor this sector closely for the opportunities but remains steadfast on not overpaying in a hot market. Multiples have become a bit more palatable during covid-19, which could open the door in the coming quarters. In the meantime, the new programmatic additions allow MGI to profit from strong mobile trends.

Clearing out the notebook MGI also struck an agreement with the ReachHero founders and minority holders to purchase their remaining shares. The company now owns 100% of the influencer agency and its digital SaaS platform. ReachHero works closely with Mediakraft and Adspree within the MGI media segment offering a suite of services to both advertisers and influencers under the joint brand Media Elements.

THE ADVERTISING PENDULUM IS SWINGING TOWARDS PROGRAMMATIC

Gone are the glamorous days of suits, scotch, and cigarettes portrayed by the creative men of Sterling Cooper in the popular series Mad Men. In the previous century, creativity and storytelling fuelled catchy campaigns for the print, radio, and later television mediums. Now digitalisation is changing the media world again. Computers, coders, big data, and analytics have joined the media 21st century advertising game, while office cocktails and suits have been replaced by coffee and hoodies.

The introduction of electronic marketplaces is reshaping the advertising business still further with advertising markets undergoing a transformation similar to that undergone by financial markets during the 1980s with the adoption of automated trading systems. In the media world, automated trading is known as "programmatic" or Real-Time Bidding (RTB). This uses computers and complex algorithms to buy and sell advertising space, or "impressions," in real-time.

One of the advantages of programmatic is the wealth of data generated and available to today's marketers for "behavioural targeting." The ultimate advantage of behavioural targeting is the ability to know precisely who is interested in a certain product and gauge the consumer's buying interest. With the aid of sophisticated software tools and analytics, marketers can tailor Web ads based on consumers' online behaviours—the websites they view, the products they research, and measure how close they come to making a purchase through conversion KPIs. Since an ad is generated by a consumer's measurable interest, behavioural targeting provides stronger sales leads, thus allowing marketers to deliver relevant ads anywhere within a network.

The science of data-driven marketing is rapidly becoming the industry standard as marketers pursue an approach that blends the creative and quantitative sides of marketing. This is being combined with the ability to electronically negotiate and trade ad space. Now advertisers can buy their required impressions electronically at a fixed price via a fully automated transaction, thus dispensing with cumbersome paperwork and manual inputs.

UPGRADING FORECASTS

Table 1: Q2 preliminary KPIs

EUR '000	Q2/20	Q2/20E	*Variance*	Q2/19	*Variance*	H1/20	H1/19	*Variance*
Revenue	30.0	26.3	*14.1%*	15.2	*97.4%*	56.5	28.5	*98.2%*
EBITDA	6.3	4.8	*32.4%*	3.8	*65.8%*	11.6	7.6	*52.6%*
Margin (%)	*21.0%*	*18.1%*	*-*	*25.0%*	*-*	*20.5%*	*26.7%*	*-*

Source: First Berlin Equity Research; MGI

Six month revenue nearly doubled (+98%) on an annualised basis to €56.5m, thanks in part to lockdown tailwinds. The company has also bolted on two top line and profitability drivers this year with the aforementioned Verve and Platform161 deals. We expect the two programmatic specialists to add > €20m to the topline on a full year basis.

Table 2: Changes in FBe and price target

	old	new	*revision*	upside	dividend yield	total return
Price target (€)	**2.8**	**2.9**	***4.4%***	**132.0%**	**0.0%**	**132.0%**

All figures in € '000	2020E old	2020E new	2020E *revision*	2021E old	2021E new	2021E *revision*
Revenue	100,473	114,933	*14.4%*	135,638	142,517	*5.1%*
EBITDA	17,540	20,367	*16.1%*	23,371	28,168	*20.5%*
Margin (%)	*17.5%*	*17.7%*	*-*	*17.2%*	*19.8%*	*-*
EBIT	8,497	7,150	*-15.9%*	11,570	15,769	*36.3%*
Margin (%)	*8.5%*	*6.2%*	*-*	*8.5%*	*11.1%*	*-*
Net income	2,212	645	*-70.8%*	3,932	6,115	*55.5%*
EPS diluted (€)	0.03	0.01	*-72.0%*	0.04	0.07	*48.8%*

Source: First Berlin Equity Research estimates

Although some of this was generically baked into our prior forecasts, the external growth overshot our old 2020 H1/20 assumptions. Organic growth in Q2 also topped expectations. We now expect sales to approach €115m (+14% Y/Y) this year and look for a similar rise in EBITDA. The declines in operating and net income stem from an increase in depreciation and amortisation plus higher financing costs associated with the higher corporate activity.

We also anticipate an annualised increase (+210bps) in EBITDA margin next year with the full year impact of synergies. As outlined in the *Trion Worlds* case study, successful integration often unlocks cost savings for the Group. The model of restructuring and integrating the single subsidiaries becomes more efficient the larger it gets, thanks to a team that is now seasoned at incorporating underperforming operations as well as optimising staffing and IT.

Our revised numbers correspond to the lower end of recently published guidance that calls for revenue ranging €115m to €125m (FBe: €115m) in 2020 and EBITDA in the range of €20m to €23m (FBe: €20m).

VALUATION MODEL

We use a DCF model to value Media and Games Invest. In our view, this approach is best suited to the company's business model and income streams. We like MGI for its clever positioning in the video gaming and media industries and expect the company to continue its current growth trajectory in H2/20. We model a three-year revenue CAGR of 26% for 2020–2022. The primary risk in our view is M&A execution, which requires intense integration of acquired assets to capture embedded upside.

Our diluted share count climbs to 92m (88m) after factoring in the 4m new shares for the AppLift / PubNative deals. We also expect the 18m shares for the last gamigo transaction to be registered by the end of August. We raise our price target to €2.9 (old: €2.8) and remain Buy-rated on MGI.

All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Revenue	**114,933**	**142,517**	**165,320**	**190,118**	**218,636**	**240,500**	**252,525**	**262,626**
NOPLAT	**4,826**	**10,644**	**13,736**	**18,290**	**22,119**	**27,025**	**28,270**	**31,198**
(+) depreciation & amortisation	13,217	12,399	14,383	16,540	19,021	18,518	19,444	17,596
Net operating cash flow	**18,044**	**23,043**	**28,119**	**34,830**	**41,140**	**45,543**	**47,714**	**48,794**
(-) Investments	-29,493	-13,140	-15,243	-17,529	-20,158	-19,769	-20,758	-18,962
(-) Working capital	-1,769	-2,524	-2,081	-2,705	-2,614	-2,082	-819	-688
Free cash flows (FCF)	**-13,219**	**7,379**	**10,795**	**14,596**	**18,368**	**23,692**	**26,138**	**29,145**
PV of FCF's	-12,742	6,490	8,662	10,684	12,266	14,435	14,529	14,780

All figures in thousands	
PV of FCFs in explicit period	118,055
PV of FCFs in terminal period	203,648
Enterprise value (EV)	321,703
(+) Net cash / (-) net debt	-46,145
(-) Non-controlling interests	-6,112
Shareholder value	269,446
Fair value per share (€)	2.90

		Terminal EBIT margin						
		16.7%	18.7%	20.7%	22.7%	24.7%	26.7%	28.7%
WACC	6.6%	3.77	4.39	5.01	5.63	6.25	6.87	7.49
	7.6%	3.01	3.48	3.95	4.42	4.89	5.36	5.83
	8.6%	2.46	2.83	**3.19**	**3.56**	**3.93**	4.30	4.66
	9.6%	2.04	2.34	**2.63**	**2.92**	**3.22**	3.51	3.80
	10.6%	1.72	1.96	**2.19**	**2.43**	**2.67**	2.91	3.14
	11.6%	1.46	1.65	1.85	2.04	2.24	2.43	2.63
	12.6%	1.24	1.41	1.57	1.73	1.89	2.05	2.21

Cost of equity	11.0%
Pre-tax cost of debt	6.0%
Tax rate	32.5%
After-tax cost of debt	4.1%
Share of equity capital	80.0%
Share of debt capital	20.0%
WACC	9.6%

		Terminal growth rate						
		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.6%	4.53	4.84	5.20	5.63	6.15	6.80	7.63
	7.6%	3.69	3.90	4.14	4.42	4.75	5.14	5.62
	8.6%	3.05	3.20	**3.37**	**3.56**	**3.78**	4.04	4.34
	9.6%	2.56	2.67	**2.79**	**2.92**	**3.08**	3.25	3.45
	10.6%	2.16	2.24	**2.33**	**2.43**	**2.54**	2.67	2.81
	11.6%	1.84	1.90	1.97	2.04	2.12	2.22	2.32
	12.6%	1.57	1.62	1.67	1.73	1.79	1.86	1.94

**Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes*

INCOME STATEMENT

All figures in EUR '000	2018	2019	2020E	2021E	2022E
Revenues	**32,621**	**83,893**	**114,933**	**142,517**	**165,320**
Capitalised work	2,791	10,187	10,696	11,231	11,793
Total output	**35,412**	**94,080**	**125,630**	**153,749**	**177,113**
Cost of goods sold	-12,699	-45,803	-57,467	-71,259	-82,660
Gross profit	**22,713**	**48,277**	**68,163**	**82,490**	**94,453**
Personnel expenses	-10,438	-27,359	-37,928	-41,758	-44,967
Other OpEx	-10,135	-10,012	-14,597	-17,387	-19,673
Other operating income	6,506	4,636	4,729	4,823	4,920
EBITDA	**8,646**	**15,542**	**20,367**	**28,168**	**34,732**
Depreciation & amortisation	-6,318	-10,543	-13,217	-12,399	-14,383
Operating income (EBIT)	**2,328**	**4,999**	**7,150**	**15,769**	**20,350**
Net financial result	-1,641	-5,758	-6,195	-6,710	-6,362
Pre-tax income (EBT)	**687**	**-759**	**955**	**9,059**	**13,987**
Income taxes	895	2,012	-310	-2,944	-4,546
Net income	**1,582**	**1,253**	**645**	**6,115**	**9,441**
Discontinued operations	3,673	0	0	0	0
Consolidated profit	**5,255**	**1,253**	**645**	**6,115**	**9,441**
Minority interests	-932	-1,577	-13	-122	-189
Net income to owners	**4,323**	**-324**	**632**	**5,993**	**9,253**
Diluted EPS (in €)	**0.10**	**-0.01**	**0.01**	**0.07**	**0.10**
Ratios					
Gross margin on output	64.1%	51.3%	54.3%	53.7%	53.3%
EBITDA margin on revenues	26.5%	18.5%	17.7%	19.8%	21.0%
EBIT margin on revenues	7.1%	6.0%	6.2%	11.1%	12.3%
Net margin on revenues	13.3%	-0.4%	0.5%	4.2%	5.6%
Tax rate	n.a.	n.a.	32.5%	32.5%	32.5%
Expenses as % of revenues					
Personnel expenses	32.0%	32.6%	33.0%	29.3%	27.2%
Other OpEx	31.1%	11.9%	12.7%	12.2%	11.9%
Depreciation & amortisation	19.4%	12.6%	11.5%	8.7%	8.7%
Y-Y Growth					
Revenues	n.a	157.2%	37.0%	24.0%	16.0%
EBTIDA	n.a	79.8%	31.0%	38.3%	23.3%
Operating income	n.a	114.7%	43.0%	120.6%	29.0%
Net income/ loss	n.a	n.m.	n.m.	848.3%	54.4%

BALANCE SHEET

All figures in EUR '000	2018	2019	2020E	2021E	2022E
Assets					
Current assets, total	**16,250**	**55,856**	**41,648**	**52,580**	**56,874**
Cash and equivalents	4,447	32,984	10,160	13,534	11,581
Trade receivables	11,803	22,872	31,489	39,046	45,293
Non-current assets, total	**220,043**	**256,593**	**303,104**	**304,085**	**305,189**
Property, plant & equipment	4,189	3,521	3,544	3,572	3,606
Intangible assets	210,495	244,423	290,900	291,841	292,901
Long-term loans to investees	5,359	6,410	6,410	6,410	6,410
Other non-current assets	0	2,239	2,250	2,261	2,273
Total assets	**236,293**	**312,449**	**344,752**	**356,665**	**362,064**
Shareholders' equity & debt					
Liabilities, total	**24,358**	**54,544**	**61,441**	**66,892**	**71,484**
Trade payables	9,366	20,274	27,121	32,154	36,321
Financial debt	3,595	6,772	6,409	6,409	6,409
Provisions	7,031	12,585	12,774	12,965	13,160
Other current liabilities	4,366	14,913	15,137	15,364	15,594
Provisions, total	**53,395**	**89,347**	**104,687**	**105,033**	**96,399**
Long-term debt	14,100	8,369	8,369	8,369	8,369
Bonds	24,877	63,988	78,988	78,988	70,000
Deferred tax liabilities	14,418	16,990	17,330	17,676	18,030
Shareholders' equity	**158,540**	**168,558**	**178,625**	**184,740**	**194,181**
Total consolidated equity and debt	**236,293**	**312,449**	**344,752**	**356,665**	**362,064**
Ratios					
Current ratio (x)	0.7	1.0	0.7	0.8	0.8
Net debt	38,125	46,145	83,606	80,232	73,197
ICR (x)	5.0	2.7	3.3	4.2	5.5
Net gearing	24%	27%	47%	43%	38%
Net debt / EBITDA (x)	4.4	3.0	4.1	2.8	2.1
Equity ratio	67%	54%	52%	52%	54%
Return on equity (ROE)	1.0%	0.7%	0.4%	3.3%	4.9%
Capital employed (CE)	211,935	257,905	283,312	289,773	290,580
Return on capital employed (ROCE)	1%	2%	3%	5%	7%

CASH FLOW STATEMENT

All figures in EUR '000	2018	2019	2020E	2021E	2022E
Net income	**5,255**	**1,253**	**645**	**6,115**	**9,441**
Depreciation and amortisation	6,318	10,543	13,217	12,399	14,383
Change in trade rec & other assets	-8,083	1,437	-8,841	-7,786	-6,481
Change in payable & other liabilities	14,501	3,928	7,599	5,798	4,945
Results from sale of subsidaries	-5,645	0	0	0	0
Other non-cash adjustments	-6,150	-5,752	0	0	0
Net interest expense	1,641	5,529	6,195	6,710	6,362
Tax result	-895	-822	310	2,944	4,546
Operating cash flow	**6,942**	**16,116**	**19,126**	**26,181**	**33,197**
Tax expense	0	0	-310	-2,944	-4,546
Interest income	1	83	0	0	0
Net operating cash flow	**6,943**	**16,199**	**18,815**	**23,237**	**28,651**
Payments for intangible assets	-11,042	-12,606	0	0	0
Acquistion of subsidiaries	-3,919	-6,214	-25,272	-12,827	-14,879
CapEx	0	0	-253	-314	-364
Deposits / payments for other assets	848	5,750	0	0	0
Cash flow from investing	**-14,113**	**-13,070**	**-25,525**	**-13,140**	**-15,243**
Free cash flow (FCF)	**-7,170**	**3,129**	**-6,710**	**10,097**	**13,408**
Equity inflow, net	3,792	8,845	397	0	0
Debt inflow, net	-15,992	-12,011	-363	0	0
Corporate debt, net	25,800	38,699	15,000	0	-8,988
Interest paid	-2,014	-5,345	-6,195	-6,710	-6,362
Payments for non-controlling interests	0	-5,000	-24,943	0	0
Other adjustments	-489	220	0	0	0
Cash flow from financing	**11,097**	**25,408**	**-16,104**	**-6,710**	**-15,350**
Net cash flows	**3,927**	**28,537**	**-22,813**	**3,386**	**-1,942**
Fx adjustements	114	0	0	0	0
Cash, start of the year	406	4,447	32,984	10,160	13,534
Cash, end of the year	**4,447**	**32,984**	**10,171**	**13,546**	**11,592**
EBITDA/share (in €)	**0.20**	**0.26**	**0.23**	**0.31**	**0.38**

Y-Y Growth					
Operating cash flow	n.m.	133.3%	16.2%	23.5%	23.3%
Free cash flow	n.m.	n.m.	n.m.	n.m.	32.8%
EBITDA/share	n.m.	26.2%	-11.5%	34.1%	23.3%

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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.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	7 November 2019	€1.23	Buy	€2.10
2...1	↓	↓	↓	↓
2	18 December 2019	€1.13	Buy	€2.10
3	21 February 2020	€1.23	Buy	€2.80
4	4 March 2020	€1.16	Buy	€2.80
5	16 April 2020	€1.15	Buy	€2.80
6	23 June 2020	€1.41	Buy	€2.80
7	Today	€1.33	Buy	€2.90

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