

Media and Games Invest SE

Malta / Application Software
 Xetra & Nasdaq First North Premier
 Bloomberg: M8G GR
 ISIN: MT0000580101

Q3/22 results

RATING BUY
PRICE TARGET €4.40
 Return Potential 145.7%
 Risk Rating High

ADAPTING TO MACRO HEADWINDS

Third quarter reporting was encouraging considering the macro headwinds faced by digital ad operators. Performance was led by a 39% year-on-year rise in sales helped by 23% organic sales growth (OSG). AEBITDA also climbed 21% Y/Y. Earnings translated into strong operating cash flows, and the leverage ratio edged lower Q/Q to 3.6x (Q2: 3.7x). MGI upped revenue guidance to €315m to €325m (old: €295m to €315m) but left its EBITDA target unchanged at €83m to €93m. Management was upbeat in the company's ability to adapt to changing market conditions, giving us confidence that MGI will emerge from the downturn a winner. We remain Buy-rated on MGI with a €4.4 target price.

Digital advertisers facing new challenges. . . . MGI is already successfully adapting to the softening and evolving ad market. For over a decade the rapidly growing digital ad industry has been largely impervious to the business cycle. Until recently, that would have meant cutting non-digital ads but maintaining, or even raising, online spending. But this strategy is running out of road. The industry was also dominated by the Google (search ads) and Meta (social media) duopoly. However, the crackdown on tracking has been especially hard on platforms that serve display ads, which target consumers based on their interests, as opposed to things they have actively searched for. Consequently, Meta said in February that ATT (app-tracking transparency) would knock \$10bn off its ad business this year, and the company reported its first ever Y/Y decline in ad revenues.

. . .but MGI can prosper in the changing landscape We reckon MGI will emerge as a long-term winner in the current market downturn, thanks to the core features of its ad software platform: (1) first party data; (2) an end-to-end multi-channel programmatic set-up; and (3) privacy-compliant solutions that already deliver results to advertisers in a world without identifiers. These factors should allow MGI to expand its customer base even if budgets remain constrained during the recession. Despite the good Q3 performance and . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020	2021	2022E	2023E
Revenue (€m)	32.62	83.89	140.22	252.17	317.10	335.52
Y/Y growth	n.a.	157.2%	67.1%	79.8%	25.8%	5.8%
EBITDA (€m)	8.65	15.54	26.55	65.04	85.36	92.92
EBITDA margin	26.5%	18.5%	18.9%	25.8%	26.9%	27.7%
Net income (€m)*	4.32	-0.32	6.58	28.02	31.23	33.55
EPS (diluted) (€)*	0.10	-0.01	0.04	0.20	0.20	0.21
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-7.17	3.13	-12.50	-230.79	-127.65	39.69
Net gearing	15.2%	22.4%	31.2%	63.7%	77.9%	70.2%
Liquid assets (€m)	4.45	32.98	46.25	180.16	121.39	133.70

* 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 content. MGI's main operational presence is in North America & Europe. The Company combines organic growth with value-generating synergetic acquisitions and has demonstrated continuous strong profitable growth with a revenue CAGR of 77% (2018-2021). MGI has successfully acquired and integrated over 35 companies and assets in the past 6 years to achieve efficiency gains & competitive advantages.

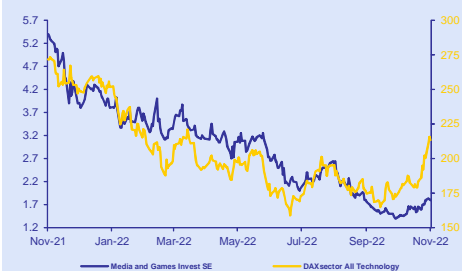
MARKET DATA

As of 16 Nov 2022

Closing Price € 1.79
 Shares outstanding 159.25m
 Market Capitalisation € 285.21m
 52-week Range € 1.40 / 5.40
 Avg. Volume (12 Months) 136,053

Multiples	2021	2022E	2023E
P/E	9.1	8.9	8.5
EV/Sales	2.2	1.7	1.6
EV/EBITDA	8.3	6.4	5.8
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2022

Liquid Assets € 118.40m
 Current Assets € 225.00m
 Intangible Assets € 850.50m
 Total Assets € 1,103.80m
 Current Liabilities € 220.70m
 Shareholders' Equity € 376.00m

SHAREHOLDERS

Bodhivas GmbH 26.0%
 Oaktree Capital Mngt 15.0%
 Free Float 59.0%



. . . improved Q4 outlook, management sounded a cautious note on the earnings call regarding macro headwinds during the coming quarters. We have adjusted our margin assumptions (overleaf) to account for the higher cost structure visible in Q3 (table 1) but expect the AEBITDA margin to remain within the company's targeted mid-term range (25% to 30%).

THIRD QUARTER HIGHLIGHTS

Table 1: Third quarter vs prior year and FBe

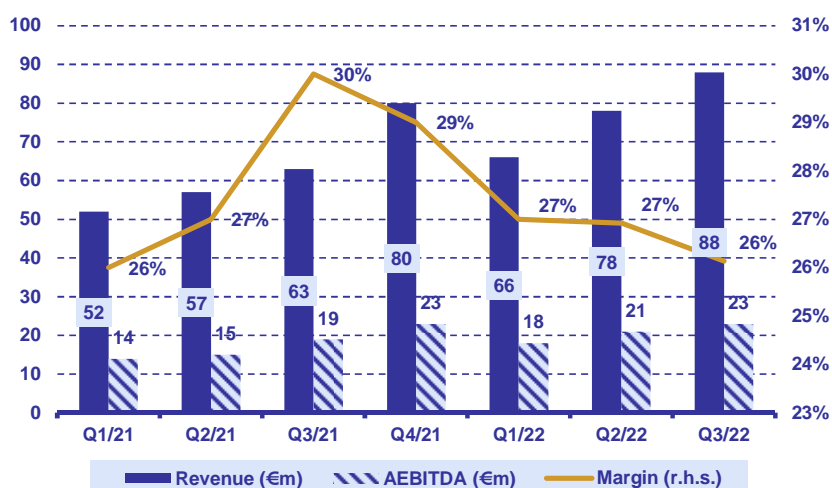
EURm	Q3/22	Q3/22E	Variance	Q3/21	Variance	9M/22	9M/21	Variance
Revenue	87.6	77.5	13%	62.9	39%	231.5	172.0	35%
EBITDA	21.4	20.4	5%	17.5	22%	58.3	44.1	32%
Margin (%)	24%	26%	-	28%	-	25%	26%	-
EBIT	13.3	13.1	2%	10.0	34%	35.0	23.1	51%
Margin	15%	17%	-	16%	-	15%	13%	-
AEBITDA ¹	23.0	21.9	5%	19.0	21%	61.7	47.8	29%
Margin	26%	28%	-	30%	-	27%	28%	-
AEBIT ²	18.5	17.9	3%	15.0	23%	48.5	35.4	37%
Margin	21%	23%	-	24%	-	21%	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

MGI delivers solid Q3 despite softening market The 39% year-on-year revenue growth was spurred by 23% OSG with both of MGI's reconstituted segments (table 2 overleaf) contributing to the topline growth. Turnover rose ~18% Q/Q and eclipsed the Q4/21 level that benefitted from holiday shopping (figure 1). On a nine month basis, sales were up 35% on the prior year, while on a trailing twelve month sales tallied €311m. The Christmas season should easily propel 2022 revenue into the new guided range (overleaf).

Figure 1: Quarterly sales and earnings developments



Source: First Berlin Equity Research; Media and Games Invest

AEBITDA totalled €23m for the July-to-September period (+21% Y/Y). On a non-adjusted basis, EBITDA, including one-off and ESOP costs, tallied €21.4m (+22%). On a nine month basis, AEBITDA was up 29% on the prior year to €61.7m. However, higher traffic and infrastructure costs combined with a softening ad market that hampered take rates and CPM (cost-per-mille) metrics caused some margin compression. The AEBITDA margin slipped 200 basis points on the prior year to 26.3% but by only 0.7 percentage points sequentially.

**Table 2: Segment breakdown**

EURm	Q3/22	Q3/21	Variance	9M/22	9M/21	Variance
Demand side platform						
Revenue	9.6	5.1	88%	21.9	12.4	77%
EBITDA	1.3	1.2	8%	2.0	2.2	-6%
Margin (%)	14%	24%	-	9%	17%	-
Supply side platform						
Revenue	78.0	57.8	35%	209.6	159.5	31%
EBITDA	20.1	16.3	23%	56.3	42.0	34%
Margin	26%	28%	-	27%	26%	-

Source: First Berlin Equity Research; Media and Games Invest

Balance sheet update Cash and equivalents amounted to €118m as of the end of Q3 (YE21: €189m). The decline was occasioned by the final earn-out and deferred purchase price payments in conjunction with the KingsIsle acquisition plus the initial purchase price payment for AxesInMotion.

Table 3: Financial highlights

EURm	9M/22	2021	Variance
Cash	118	180	-34%
Liabilities (short- and long-term)	728	627	16%
Net debt	308	199	55%
Intangible assets	851	606	40%
Total assets	1,104	934	18%
Total equity	376	308	22%
Equity ratio	34%	33%	-
Interest coverage ratio*	4.0x	4.6x	-
Net leverage ratio	3.6x	2.8x	-

* based on cash interest expenses

Source: First Berlin Equity Research; Media and Games Invest

Net debt totalled €308m at the end of September. The leverage ratio edged lower Q/Q to 3.6x (Q2: 3.7x) but this is somewhat overstated since it only includes five months of AxesInMotion and three months of Dataseat EBITDA in the calculation. The company wants to compress the leverage ratio to < 3.0x over the midterm with free cash flows and other deleveraging options. The ICR (interest coverage ratio) was a still comfortable 4.0x at the end of 9M but off the YE21 level, due to higher interest costs prodded by the rise in EURIBOR.

Table 4: Cash flow developments

EURm	Q3/22	Q3/21	Variance	2021
Net operating cash flow	22	16	43%	65
Investing cash flow	-26	-138	n.m.	-296
Financing cash flow	-4	75	n.m.	365
Net cash flow	-7	-48	n.m.	134
Cash & cash equivalents	118	199	-40%	180

Source: First Berlin Equity Research; Media and Games Invest

Improving working capital management Net operating cash flow grew 43% on the prior year and was boosted by the positive net result and a swing in working capital. The latter was occasioned by payment period optimisation of accounts receivable and accounts payable. The company will continue to prioritise deleveraging over external growth in the volatile market environment.



VALUATION MODEL

Table 5: Updated guidance vs FBe

	Unit	2021A	Guidance			2022 FBe
			2022 (old)	2022 (1st update)	2022 (2nd update)	
Revenue	€m	252	290 - 310	295 - 315	315 - 325	311
Grow th	%	80	15 - 23	17 - 25	25 - 29	23
AEBITDA	€m	71	80 - 90	83 - 93	83 - 93	89
Grow th	%	143	13 - 27	17 - 31	17 - 31	25

Source: First Berlin Equity Research; Media and Games Invest

Table 6: Changes to FBe and TP

	old	new	revision	upside	dividend yield	total return
Price target (€)	4.4	4.4	0.0%	145.7%	0.0%	145.7%
2022E						
All figures in € '000	old	new	revision	old	new	revision
Revenue	310,669	317,099	2.1%	335,522	335,522	0.0%
EBITDA	85,305	85,358	0.1%	92,917	92,917	0.0%
Margin (%)	27.5%	26.9%	-	27.7%	27.7%	-
AEBITDA	88,605	88,658	0.1%	94,917	94,917	0.0%
Margin (%)	28.5%	28.0%	-	28.3%	28.3%	-

* adjusted for one-offs

Source: First Berlin Equity Research estimates

Table 7: DCF model

All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	317,099	335,522	385,851	436,011	470,892	494,437	509,270	522,001
NOPLAT	38,709	43,263	51,094	62,610	71,936	76,858	79,071	80,797
(+) depreciation & amortisation	31,596	32,830	36,202	37,763	32,900	34,477	35,471	36,324
(=) Net operating cash flow	70,305	76,093	87,296	100,373	104,836	111,335	114,542	117,121
(-) Investments	-222,401	-44,826	-61,106	-72,576	-31,134	-30,294	-29,460	-28,971
(-) Working capital	-9,087	-215	-4,478	-4,029	488	-7,052	-1,174	-628
(=) Free cash flows (FCF)	-161,183	31,052	21,712	23,768	74,190	73,989	83,908	87,522
PV of FCF's	-159,425	27,983	17,827	17,780	50,565	45,945	47,472	45,115

All figures in thousands	WACC	Terminal EBIT margin							
		16.4%	18.4%	20.4%	22.4%	24.4%	26.4%	28.4%	
PV of FCFs in explicit period	258,234	8.3%	4.92	5.40	5.89	6.37	6.85	7.33	7.82
PV of FCFs in terminal period	611,429	8.8%	4.34	4.77	5.19	5.61	6.04	6.46	6.89
Enterprise value (EV)	869,663	9.3%	3.84	4.22	4.59	4.97	5.34	5.72	6.10
(+) Net cash / (-) net debt (pro-forma)	-166,753	9.8%	3.41	3.74	4.08	4.41	4.74	5.08	5.41
(-) Non-controlling interests	-522	10.3%	3.03	3.33	3.63	3.92	4.22	4.52	4.82
Shareholder value	702,388	10.8%	2.69	2.96	3.23	3.50	3.76	4.03	4.30
Fair value per share (€)	4.40	11.3%	2.39	2.63	2.88	3.12	3.36	3.60	3.84

	WACC	Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	13.1%	8.3%	5.23	5.56	5.93	6.37	6.88	7.49	8.22
Pre-tax cost of debt	5.0%	8.8%	4.67	4.94	5.26	5.61	6.03	6.52	7.10
Tax rate	28.0%	9.3%	4.18	4.41	4.67	4.97	5.31	5.71	6.17
After-tax cost of debt	3.6%	9.8%	3.74	3.94	4.16	4.41	4.70	5.02	5.40
Share of equity capital	65.0%	10.3%	3.35	3.52	3.71	3.92	4.16	4.43	4.75
Share of debt capital	35.0%	10.8%	3.01	3.15	3.32	3.50	3.70	3.93	4.18
WACC	9.8%	11.3%	2.70	2.82	2.96	3.12	3.29	3.48	3.70

*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	2022E	2023E	2024E
Revenues	83,893	140,220	252,166	317,099	335,522	385,851
Capitalised work	10,187	15,994	22,851	26,509	25,097	26,788
Total output	94,080	156,214	275,017	343,608	360,619	412,639
Cost of goods sold	-45,803	-77,620	-137,968	-163,306	-168,768	-192,925
Gross profit	48,277	78,594	137,049	180,302	191,852	219,714
Personnel expenses	-27,359	-39,573	-55,978	-77,249	-80,104	-90,117
Other OpEx	-10,012	-18,745	-24,655	-29,339	-30,708	-34,546
Other operating income	4,636	6,272	8,626	11,645	11,878	12,116
EBITDA	15,542	26,549	65,042	85,358	92,917	107,165
Depreciation & amortisation	-10,543	-15,508	-28,238	-31,596	-32,830	-36,202
Operating income (EBIT)	4,999	11,041	36,804	53,763	60,087	70,964
Net financial result	-5,758	-7,139	-21,919	-25,129	-27,375	-28,462
Pre-tax income (EBT)	-759	3,901	14,885	28,634	32,713	42,502
Income taxes	2,012	-1,194	1,169	-7,731	-9,487	-13,813
Net income	1,253	2,707	16,054	20,903	23,226	28,689
Discontinued operations	0	0	0	0	0	0
Consolidated profit	1,253	2,707	16,054	20,903	23,226	28,689
Minority interests	-1,577	352	7	-21	-23	-29
Net income to owners	-324	3,059	16,060	20,882	23,203	28,660
Diluted EPS (in €)	-0.01	0.03	0.11	0.13	0.15	0.18
AEBITDA (excl: one-offs)	18,110	29,090	71,100	88,658	94,917	107,165
AEBIT (excl: PPA amort. & one-offs)	4,999	14,916	54,826	67,413	72,437	81,314
Ratios						
Gross margin on output	51.3%	50.3%	49.8%	52.5%	53.2%	53.2%
EBITDA margin on revenues	18.5%	18.9%	25.8%	26.9%	27.7%	27.8%
EBIT margin on revenues	6.0%	7.9%	14.6%	17.0%	17.9%	18.4%
Net margin on revenues	-0.4%	2.2%	6.4%	6.6%	6.9%	7.4%
AEBITDA margin on revenues	21.6%	20.7%	28.2%	28.0%	28.3%	27.8%
Tax rate	n.a.	30.6%	n.a.	27.0%	29.0%	32.5%
Expenses as % of revenues						
Personnel expenses	32.6%	28.2%	22.2%	24.4%	23.9%	23.4%
Other OpEx	11.9%	13.4%	9.8%	9.3%	9.2%	9.0%
Depreciation & amortisation	12.6%	11.1%	11.2%	10.0%	9.8%	9.4%
Y-Y Growth						
Revenues	157.2%	67.1%	79.8%	25.8%	5.8%	15.0%
EBITDA	79.8%	70.8%	145.0%	31.2%	8.9%	15.3%
Operating income	114.7%	120.9%	233.4%	46.1%	11.8%	18.1%
Net income/ loss	n.m.	n.m.	425.0%	30.0%	11.1%	23.5%



BALANCE SHEET

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	55,856	92,375	283,599	243,017	257,799	287,827
Cash and equivalents	32,984	46,254	180,157	121,390	133,701	150,401
Trade receivables	22,872	46,121	103,442	121,627	124,097	137,426
Non-current assets, total	256,593	293,467	650,495	829,601	826,602	822,117
Property, plant & equipment	3,521	1,742	4,681	5,315	5,651	5,844
Intangible assets	233,208	272,829	605,746	797,350	793,710	788,721
Deferred taxes	11,215	15,737	11,545	11,776	12,011	12,252
Investments in associated companies	6,410	1,207	1,154	1,154	1,154	1,154
Other financial assets	2,239	1,952	27,369	14,006	14,076	14,146
Total assets	312,449	385,842	934,094	1,072,618	1,084,401	1,109,944
Shareholders' equity & debt						
Current liabilities, total	54,544	78,205	243,434	223,048	445,057	191,428
Trade payables	20,274	30,037	53,754	62,852	65,108	73,959
ST financial debt	6,772	6,087	32,027	0	233,925	0
Provisions	12,585	17,257	54,036	54,847	55,669	56,504
Other current financial liabilities	0	12,897	83,568	85,000	69,700	40,000
Other current liabilities	14,913	11,927	20,049	20,350	20,655	20,965
Long term liabilities, total	89,347	130,792	383,168	480,632	247,181	497,664
Long-term debt	8,369	11,671	16,034	48,034	48,034	48,034
Bonds	63,988	95,355	343,925	408,925	175,000	425,000
Other LT liabilities	0	0	0	0	0	0
Deferred tax liabilities	16,990	23,766	23,209	23,673	24,147	24,630
Shareholders' equity	168,558	176,845	307,492	368,937	392,163	420,852
Total consolidated equity and debt	312,449	385,842	934,094	1,072,618	1,084,401	1,109,944
Ratios						
Current ratio (x)	1.0	1.2	1.2	1.1	0.6	1.5
Net debt	37,776	55,188	195,795	287,535	275,224	274,599
ICR (x)	3.1	4.1	3.1	3.5	3.5	3.8
Net gearing	22%	31%	64%	78%	70%	65%
Net debt / EBITDA (x)	2.4	2.1	3.0	3.4	3.0	2.6
Equity ratio	54%	46%	33%	34%	36%	38%
Return on equity (ROE)	0.7%	1.5%	5.2%	5.7%	5.9%	6.8%
Capital employed (CE)	257,905	307,637	690,660	849,569	639,344	918,515
Return on capital employed (ROCE)	2%	4%	5%	6%	9%	8%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Net income	1,253	2,707	16,054	20,903	23,226	28,689
Depreciation and amortisation	10,543	15,508	28,238	31,596	32,830	36,202
Results from sale of subsidiaries	0	0	0	0	0	0
Other non-cash adjustments	-5,752	4,072	1,165	0	0	0
Net interest expense	5,529	6,264	21,600	25,129	27,375	28,462
Tax result	-822	1,194	1,939	7,731	9,487	13,813
Operating cash flow	10,751	29,745	68,996	85,358	92,917	107,165
Tax expense	0	0	-425	-7,731	-9,487	-13,813
Change in working capital	5,365	-4,543	-4,634	-7,742	1,151	-3,090
Net operating cash flow	16,116	25,202	63,937	69,885	84,582	90,262
Payments for intangible assets	-12,606	-17,380	-34,561	-47,565	-28,519	-30,441
Acquisition of subsidiaries	-6,214	-22,930	-244,349	-173,568	-15,300	-29,700
CapEx	0	0	-5,283	-1,268	-1,007	-965
Deposits / payments for other assets	5,750	2,603	-11,441	24,863	-70	-70
Interest income	83	0	905	0	0	0
Cash flow from investing	-12,987	-37,707	-294,729	-197,538	-44,896	-61,176
Free cash flow (FCF)	3,129	-12,505	-230,792	-127,653	39,686	29,086
Equity inflow , net	8,845	26,876	109,338	29,042	0	0
Debt inflow , net	-12,011	-1,420	33,230	-27	0	0
Corporate debt inflow , net	38,699	27,678	247,047	65,000	0	16,075
Interest paid	-5,345	-6,018	-22,059	-25,129	-27,375	-28,462
Payments for non-controlling interests	-5,000	-17,480	0	0	0	0
Other adjustments	220	-3,862	-2,861	0	0	0
Cash flow from financing	25,408	25,774	364,695	68,887	-27,375	-12,387
Net cash flows	28,537	13,269	133,903	-58,767	12,311	16,699
Fx adjustments	0	0	0	0	0	0
Cash, start of the year	4,447	32,984	46,254	180,157	121,390	133,701
Cash, end of the year	32,984	46,253	180,157	121,390	133,701	150,401
FCFps (in €)	0.05	-0.15	-1.63	-0.82	0.25	0.18
Y-Y Growth						
Operating cash flow	132.2%	56.4%	153.7%	9.3%	21.0%	6.7%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	-26.7%
FCF / share	-74.6%	n.m.	n.m.	n.m.	n.m.	-26.7%

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
Mohrenstr. 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, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 17 November 2022 at 10:00

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

Copyright© 2022 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...19	↓	↓	↓	↓
20	18 November 2021	€5.35	Buy	€8.20
21	10 February 2022	€3.73	Buy	€8.20
22	3 March 2022	€3.56	Buy	€7.90
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	Today	€1.79	Buy	€4.40

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.