

# Movie Games S.A.

Price target: PLN 81.50

Update

Rating: BUY

**Movie Games S.A.' (MOV) 2021 results were mixed. While sales came in above our forecast due to, we believe, robust sales of especially "Drug Dealer Simulator" and "Lust from Beyond" and a weak PLN-USD FX rate, profitability was below our estimates. Since our initial report in November 2021, MOV has taken over 35% in LifeSim Games Sp. z.o.o, which is supposed to develop medium-budget simulator games about everyday situations. Moreover, the company has signed an agreement with its largest shareholder PlayWay, which foresees the acquisition of min. 665.4k shares (corresponds to a 32.8% stake) in listed Detalion Games S.A., investment of PLN 500k and transformation of this company into a producer of Indie games and a porting house for all games of the Movie Games Group. We have slightly lowered our estimates for 2022E and beyond due to much weaker than expected sales of "Gas Station Simulator" in 2021 (450k copies sold vs. our expectation of 650k), which together with lower WACC (8.6% vs. 9.2% before) results in a new 12-months PT (80% DCF, 20% peer group) of PLN 81.50 (upside of 113.9%; prev. PLN 85). MOV's announced dividend for 2021 of PLN 1 per share (DYield = 2.6%) is higher than our forecast of PLN 0.56. As negative, we consider MOV's minority shareholdings, which in our view make it intransparent and difficult to value.**

**In 2021, Movie Games' revenues were higher than our forecast, but EBIT and net income were weaker than expected mainly due to a significant increase of the share of CoGS and personnel expenses y-o-y.** The company's revenues went up by 50.7% y-o-y to PLN 16.4m compared to our forecast of PLN 13.1m. EBIT equalled PLN 1.2m (-71.3% y-o-y, EVRe: PLN 3.7m) and net income PLN 12.3m (+37.2%; EVRe: PLN 14.3m). As of 31/12/2021, net cash equalled PLN 9.6m.

**We have adjusted our estimates for 2022E and beyond based on MOV's newsflow, current PLN-USD FX rate and latest gaming market forecasts, which assume a CAGR of 9.6% to USD 314.4bn by 2027E.**

In 2022E, we now expect revenues of PLN 43.8m (+167.1% y-o-y; prev. PLN 48.3m) and an EBITDA of PLN 15.8m (2021: PLN 1.2m; PLN 17.5m). MOV's EV/Sales and EV/EBITDA 2022E of 2.1x and 5.8x are attractive vs. peers.

in PLNm	2020	2021	2022E	2023E	2024E	2025E
Net sales	10.89	16.41	43.81	48.02	52.63	57.68
EBITDA	4.10	1.22	15.83	14.95	13.75	14.64
EBIT	4.08	1.17	15.77	14.89	13.68	14.56
Net income	8.99	12.33	23.46	18.89	15.69	14.59
EPS	3.49	4.79	9.12	7.34	6.10	5.67
DPS	0.00	1.00	1.82	1.47	1.22	1.13
Dividend yield	0.00%	2.62%	4.79%	3.85%	3.20%	2.98%
RoE	81.42%	57.20%	61.01%	33.75%	22.73%	18.07%
Net gearing	-58.60%	-34.41%	-23.31%	-37.44%	-46.23%	-54.04%
EV/Sales	8.48x	5.63x	2.11x	1.92x	1.75x	1.60x
EV/EBITDA	22.52x	75.90x	5.83x	6.18x	6.71x	6.31x
P/E	10.91x	7.95x	4.18x	5.19x	6.25x	6.72x

## Company profile

Movie Games S.A. is a Warsaw-based video games developer and publisher.

Date of publication	30 March 2022 / 6:30 am
Website	www.moviegames.pl
Sector	Video Games
Country	Poland
ISIN	PLMVGMS00011
Reuters	MOV.WA
Bloomberg	MOV.PW

## Share information

Last price	38.10
Number of shares (m)	2.57
Market cap. (PLNm)	98.04
Market cap. (EURm)	20.85
52-weeks range	PLN 99.80 / PLN 30.30
Average volume	3,948

## Performance

4-weeks	-4.63%
13-weeks	-17.35%
26-weeks	-42.45%
52-weeks	-60.40%
YTD	-26.73%

## Shareholder structure

PlayWay S.A.	33.43%
Mateusz Wczesniak (CEO)	19.79%
Jakub Trzebinski	7.66%
Free float	39.12%

## Financial calendar

Q1/22 report	May 13, 2022
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## Analyst

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## Full-year 2021 results

### Revenues and Profitability

For 2021, Movie Games reported 50.7% higher revenues of PLN 16.4m. Despite weaker than expected sales of "Gas Station Simulator" (450k vs. our estimate of 650k copies; game was released on 15 September 2021), the company's sales outperformed our estimate by 24.8%. We believe that in 2021 revenues were positively impacted by an 8% increase of the PLN-USD FX rate between January and December – MOV generates 97% of its annual revenues abroad, in our view – and strong sales of the existing games, especially "Drug Dealer Simulator" (released on 16 April 2020) and "Lust from Beyond" (released on 11 March 2021).

Movie Games Group's main titles currently have the following average ratings on steampowered.com, respectively metacritic.com:

1. "Drug Dealer Simulator": 86/100 compared to 87/100 in November 2021, c. 200k copies sold in 2021 in our view
2. "Gas Station Simulator": 87/100 compared to 85/100 in November 2021; 450k copies sold in 2021
3. "Lust from Beyond": 61/100 compared to 61/100 in November 2021; c. 50k copies sold in 2021 in our view

in PLNm	2021	2021E	2020	2021 vs. 2021E	2021 vs. 2020
<b>Net sales</b>	<b>16.41</b>	<b>13.15</b>	<b>10.89</b>	24.8%	50.7%
<b>EBITDA</b>	<b>1.22</b>	<b>3.74</b>	<b>4.10</b>	-67.5%	-70.3%
<i>EBITDA margin</i>	<i>7.4%</i>	<i>28.4%</i>	<i>37.7%</i>		
<b>EBIT</b>	<b>1.17</b>	<b>3.68</b>	<b>4.08</b>	-68.2%	-71.3%
<i>EBIT margin</i>	<i>7.1%</i>	<i>28.0%</i>	<i>37.5%</i>		
<b>Net income</b>	<b>12.33</b>	<b>14.31</b>	<b>8.99</b>	-13.8%	37.2%
<i>Net margin</i>	<i>75.2%</i>	<i>108.8%</i>	<i>82.6%</i>		

Source: Company information, East Value Research GmbH

In 2021, MOV's EBIT declined by 71.3% y-o-y to PLN 1.2m, much more than we had expected. The reason was a very strong increase of the share of CoGS (68.9% vs. 36.8% in 2020 and our estimate of 59%) and personnel expenses (21.5% vs. 17.3% and 24%), which mainly reflect the costs of full-time and freelance employees. Net income (PLN 12.3m compared to PLN 9m in 2020 and our forecast of PLN 14.3m) was additionally impacted by weaker than expected net financial result (PLN 13m vs. our forecast of PLN 14m; mainly reflects the re-valuation of shareholdings) and higher effective tax rate (22% vs. 19%). In 2021, stock market valuations of gaming companies significantly declined, and the WSE sector index WIG-Games went down by c. 20% y-o-y.

**Balance sheet and Cash flow**

At the end of December 2021, Movie Games had consolidated equity excl. minorities worth PLN 28m, which corresponds to an equity ratio of 75.8%. Interest-bearing debt was very small and equalled PLN 782k (2020: PLN 0k). Long- and short-term financial assets (excl. loans) in external companies amounted to PLN 8.5m (PLN 1m). While fixed assets equalled PLN 140k (PLN 34k), intangible assets (software, licenses) were worth PLN 927k (PLN 0k) and goodwill PLN 240k (PLN 25k).

Between January and December 2021, Movie Games generated an operating cash flow of PLN -6.1m compared to PLN 378k in 2020. The main reason for the decline was the correction of the revaluation gain worth PLN 11.2m. Cash flow from investing equalled PLN 1.3m (2020: PLN 1.7m) due to the sale of shares in subsidiaries that debuted on the stock exchange. Cash flow from financing amounted to PLN 6.4m (2020: PLN 6.1m). In 2021, Movie Games' cash position increased by PLN 1.6m to PLN 10.4m.

## Financial forecasts

### Revenues and Profitability

Compared to our last report, we have only lowered the expected sales of "Gas Station Simulator" in 2022E from 400,000 copies to 200,000 due to weaker than expected sales last year and slightly increased our assumption for the average PLN-USD rate following >9% inflation in Poland and the Ukraine conflict.

Our current revenue model for the Movie Games Group is based on the following assumptions:

- 1) Detailed estimates for games have only been made for 2022E.
- 2) Average price per unit of USD 19.99/game in the release year and USD 16.79 in the next year.
- 3) Average PLN-USD FX rate of 4.20 in 2022E, which declines to 3.90 in the long run (previously: 3.80 and 3.50 respectively).
- 4) Average share of revenues from the online distribution platforms steampowered.com and of the main console producers that MOV receives: 70%.
- 5) Average share of revenues from games of MOV's subsidiaries, for which MOV always acts as publisher: 10%.
- 6) For the period beyond 2022E, where visibility related to game releases is small, we have assumed that sales will grow in-line with the average CAGR for the global gaming sector: 9.6% (Source: latest market research by Reportlinker from January 2022) vs. 8.3% before.

Our sales model for 2022E is based on the following games:

1. Additional content and Nintendo Switch version of "Drug Dealer Simulator" (planned in April 2022)
2. Release of "Drug Dealer Simulator 2" by Movie Games (planned in 2022E)
3. "Alaskan Truck Simulator" by subsidiary Road Studio (release likely in Q4/22E)
4. "Fire Commander" by subsidiary Pixel Crow Studio (release is planned in Q2/22E)
5. "Mythbusters" by Movie Games (release for PC on 25 May and for consoles in September 2022)
6. "Winter Survival Simulator" by DRAGO entertainment (early-access release in Q2/2022E)

7. 120k copies sold of other new games e.g.

-> "Lust from Beyond – M Edition" by Movie Games that was released in Q1/22 (avg. rating on steampowered.com of 79/100; sales after first 72 hours of >6,000 copies)

-> "Food Truck Empire" (release for PC planned in Q4/22E)

-> "Nightclub Manager: Violet Vibe" (release in Q2-Q4 2022E) by True Games Syndicate

-> "Frankie's Revenge" by Mill Games and Rikodu (release on consoles planned in Q2/22E)

-> „Food Truck Simulator" by DRAGO entertainment (release in 2022E)

in PLN/m	2022E
<b>Drug Dealer Simulator 1</b>	<b>2.47</b>
Share in total sales	5.6%
Price per unit (USD)	16.79
PLN-USD FX rate	4.20
Price per unit (PLN)	70.52
Number of copies sold	50,000
Share of revenues for MOV	70.0%
<b>Drug Dealer Simulator 2</b>	<b>20.57</b>
Share in total sales	46.9%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	84
Number of copies sold	350,000
Share of revenues for MOV	70.0%
<b>Gas Station Simulator (PC)</b>	<b>1.23</b>
Share in total sales	2.8%
Price per unit (USD)	16.79
PLN-USD FX rate	4.20
Price per unit (PLN)	70.52
Number of copies sold	250,000
Share of revenues for DRAGO	70.0%
Share of revenues for MOV	10.0%
<b>Alaskan Truck Simulator (PC)</b>	<b>1.91</b>
Share in total sales	4.4%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	83.96
Number of copies sold	325,000
Share of revenues for Road Studio	70.0%
Share of revenues for MOV	10.0%
<b>Fire Commander (PC)</b>	<b>0.59</b>
Share in total sales	1.3%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	83.96
Number of copies sold	100,000
Share of revenues for Pixel Crow	70.0%
Share of revenues for MOV	10.0%
<b>Mythbusters (PC)</b>	<b>8.82</b>
Share in total sales	20.1%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	83.96
Number of copies sold	150,000
Share of revenues for MOV	70.0%
<b>Winter Survival Simulator (PC)</b>	<b>1.18</b>
Share in total sales	2.7%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	83.96
Number of copies sold	200,000
Share of revenues for Road Studio	70.0%
Share of revenues for MOV	10.0%
<b>Other games</b>	<b>7.05</b>
Share in total sales	16.1%
Price per unit (USD)	19.99
PLN-USD FX rate	4.20
Price per unit (PLN)	83.96
Number of copies sold	120,000
Share of revenues for MOV	70.0%
<b>Total net sales</b>	<b>43.81</b>
(change y-o-y)	167.1%

Source: East Value Research GmbH

	2022E		2023E		2024E		2025E	
in PLNm	new	old	new	old	new	old	new	old
<b>Net sales</b>	<b>43.81</b>	<b>48.29</b>	<b>48.02</b>	<b>52.29</b>	<b>52.63</b>	<b>56.63</b>	<b>57.68</b>	<b>61.34</b>
<b>EBITDA</b>	<b>15.83</b>	<b>17.46</b>	<b>14.95</b>	<b>16.29</b>	<b>13.75</b>	<b>14.82</b>	<b>14.64</b>	<b>15.58</b>
<i>EBITDA margin</i>	36.1%	36.2%	31.1%	31.2%	26.1%	26.2%	25.4%	25.4%
<b>EBIT</b>	<b>15.77</b>	<b>17.38</b>	<b>14.89</b>	<b>16.21</b>	<b>13.68</b>	<b>14.72</b>	<b>14.56</b>	<b>15.49</b>
<i>EBIT margin</i>	36.0%	36.0%	31.0%	31.0%	26.0%	26.0%	25.3%	25.3%
<b>Net income</b>	<b>23.46</b>	<b>23.80</b>	<b>18.89</b>	<b>19.21</b>	<b>15.69</b>	<b>15.98</b>	<b>14.59</b>	<b>14.97</b>
<i>Net margin</i>	53.5%	49.3%	39.3%	36.7%	29.8%	28.2%	25.3%	24.4%

Source: East Value Research GmbH

in PLNm	Q1/20	Q2/20	Q3/20	Q4/20	2020	Q1/21	Q2/21	Q3/21	Q4/21	2021
<b>Net sales</b>	<b>0.82</b>	<b>6.14</b>	<b>0.67</b>	<b>3.26</b>	<b>10.89</b>	<b>2.50</b>	<b>2.99</b>	<b>3.80</b>	<b>7.12</b>	<b>16.41</b>
<i>y-o-y change</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	<i>n.a</i>	142.9%	205.4%	-51.4%	468.0%	118.6%	50.7%
<b>EBITDA</b>	<b>0.14</b>	<b>4.93</b>	<b>-1.21</b>	<b>0.24</b>	<b>4.10</b>	<b>0.15</b>	<b>0.45</b>	<b>0.86</b>	<b>-0.23</b>	<b>1.22</b>
<i>EBITDA margin</i>	17.1%	80.3%	-181.3%	7.4%	37.7%	5.8%	15.0%	22.6%	-3.3%	7.4%
<b>EBIT</b>	<b>0.14</b>	<b>4.93</b>	<b>-1.22</b>	<b>0.23</b>	<b>4.08</b>	<b>0.14</b>	<b>0.42</b>	<b>0.86</b>	<b>-0.25</b>	<b>1.17</b>
<i>EBIT margin</i>	16.6%	80.3%	-181.9%	7.1%	37.5%	5.5%	14.2%	22.6%	-3.5%	7.1%
<b>Net income</b>	<b>0.13</b>	<b>3.90</b>	<b>-0.81</b>	<b>5.77</b>	<b>8.99</b>	<b>6.59</b>	<b>0.36</b>	<b>6.49</b>	<b>-1.10</b>	<b>12.33</b>
<i>Net margin</i>	16.0%	63.5%	-121.2%	177.2%	82.6%	263.2%	11.9%	170.7%	-15.5%	75.2%

Source: Company information, East Value Research GmbH

### CAPEX and Working capital

We forecast that MOV's gross CAPEX will reach 3.7% in 2022E and 0.6% afterwards. Regarding working capital, we believe that its share in total sales will decline from 128.1% in 2021 to <40% in the long run. For the cash conversion cycle, our expectation is that it will go down from 376 days last year to 60 days.



## Peer Group Analysis

We have used two peer groups: One with listed Polish gaming companies that produce games for PCs and consoles and one with the largest international companies from the sector.

Local peers:

- (1) *CD Projekt S.A.*: CD Projekt, which is based in Warsaw, is the developer of the well-known AAA role-playing game franchises "The Witcher" (the whole series has so far sold >50m copies worldwide; "The Witcher 3" has an average rating of 97/100 on steampowered.com) and "Cyberpunk 2077" (76/100). The company is also the owner of one of the most popular online distribution platforms for especially older games, GOG.com. In 2020, CD Projekt S.A. generated revenues of PLN 2.1bn and a ROCE of 39.9%.
- (2) *PlayWay S.A.*: PlayWay, which is based in Warsaw, is a developer and publisher of lower budget simulation games for PCs and consoles. It is organised as a federation of different game development studios, of which many are themselves listed (incl. Movie Games). The PlayWay Group's most popular franchises include "Car Mechanic Simulator" (the latest version has an average rating of 95/100 on steampowered.com) and "House Flipper" (93/100). In 2020, PlayWay generated revenues of PLN 164.3m and a ROCE of 21.2%.
- (3) *Creepy Jar S.A.*: Creepy Jar, which is based in Warsaw, is a game developer and publisher of shooter games with roots in one of the largest Polish gaming companies Techland S.A. Currently, the company's only game is "Greenhell" (avg. rating of 87/100 on steampowered.com). In 2020, Creepy Jar generated revenues of PLN 37.7m and a ROCE of 57.4%.
- (4) *CI Games S.A.*: CI Games is based in Warsaw. Its most important shooter franchises are "Sniper: Ghost Warrior" (the latest version of the game called "Sniper: Ghost Warrior Contracts 2" has an average rating of 84/100 on steampowered.com) and "Lords of the Fallen" (59/100). In 2020, CI Games generated revenues of PLN 46m and a ROCE of 6.3%.
- (5) *11bit Studios*: 11bit Studios, which is based in Warsaw, is one of the largest Polish developers and publishers. Its most important franchises include the Indie games "Frostpunk" (avg. rating of 91/100 on steampowered.com), "This War of Mine" (94/100) and "Children of Morta" (91/100). In 2020, 11bit Studios generated revenues of PLN 87.1m and a ROCE of 19%.



## International peers:

- (6) *Electronic Arts Inc.*: Electronic Arts, which is headquartered in Redwood City/US, is the second-largest developer and publisher of games for various platforms worldwide. Its most successful franchises include e.g. the free-to-play shooter game "Apex Legends" (it has an average rating on steampowered.com of 86/100), the role-playing game "Star Wars" (the latest version has an average rating of 90/100), the shooter game "Battlefield" (71/100), the action game "Need for Speed" (84/100) and the sport games FIFA (80/100) and Madden NFL (56/100). EA also operates a proprietary online distribution platform called Origin, which also contains games of external developers. In fiscal-year 2020, EA generated revenues of USD 5.6bn and a ROCE of 8.1%.
- (7) *Activision Blizzard Inc.*: Activision Blizzard, which is based in Santa Monica/US, is the largest developer and publisher of games for various platforms worldwide. Its most successful franchises include "Call of Duty" (latest version has an average rating on steampowered.com of 83/100), "World of Warcraft" (average metacritic.com score for the latest version is 79/100), "Candy Crush" (78/100), "Overwatch" (91/100) and "Diablo" (88/100). In fiscal-year 2021, Activision Blizzard generated revenues of USD 8.8bn and a ROCE of 11.6%.
- (8) *Take-Two Interactive Software Inc.*: Take-Two Interactive, which is based in New York/US, is one of the largest gaming companies worldwide with a portfolio of games covering different genres and available for various platforms. The company's most important franchises include among others the RPG "Red Dead Redemption" (latest version has an average rating of 87/100 on steampowered.com), the action game "Grand Theft Auto" (84/100), the sports game "NBA 2K" (53/100) and the strategy game "Sid Meier's Civilization" (68/100). In fiscal-year 2020, Take-Two Interactive generated revenues of USD 3.4bn and a ROCE of 14%.
- (9) *Ubisoft Entertainment SA*: Ubisoft, which is based in Saint-Mande/France, is the largest European game developer known for the following franchises: the role-playing game "Assassin's Creed" (latest version has an average rating of 89/100 on steampowered.com), the first-person shooter "Tom Clancy's Rainbow Six Siege" (87/100), the action game "Watch Dogs" (82/100) and the music game "Just Dance" (78/100). In fiscal-year 2020, Ubisoft Entertainment generated revenues of EUR 2.2bn and a ROCE of 7.7%.

Company	EV/Sales		EV/EBITDA		P/BVPS	EBITDA margin	Net gearing
	2021	2022E	2021	2022E	Latest	Last FY	Latest
CD Projekt S.A. (PLN)	17.78x	14.52x	44.25x	25.60x	9.69x	54.60%	-54.00%
PlayWay S.A. (PLN)	7.97x	6.78x	12.08x	9.63x	5.66x	72.27%	-47.65%
Creepy Jar S.A. (PLN)	9.68x	12.97x	11.56x	16.58x	8.06x	68.33%	-81.07%
CI Games S.A. (PLN)	2.35x	4.09x	4.04x	6.49x	2.48x	19.28%	-32.23%
11bit Studios (PLN)	21.03x	25.45x	41.84x	74.58x	7.44x	58.86%	-54.46%
<b>Median</b>	<b>9.68x</b>	<b>12.97x</b>	<b>12.08x</b>	<b>16.58x</b>	<b>7.44x</b>	<b>58.86%</b>	<b>-54.00%</b>
Movie Games S.A. (PLN)	5.63x	2.11x	75.90x	5.83x	3.50x	7.42%	-20.32%
<b>Premium/Discount</b>	<b>-41.8%</b>	<b>-83.7%</b>	<b>528.4%</b>	<b>-64.8%</b>			
<b>Fair value per share Movie Games (PLN)</b>	<b>99.78</b>						

Company	EV/Sales		EV/EBITDA		P/BVPS	EBITDA margin	Net gearing
	2021	2022E	2021	2022E	Latest	Last FY	Latest
Electronic Arts Inc. (USD)	4.67x	4.37x	12.41x	11.86x	4.73x	21.92%	-10.15%
Activision Blizzard Inc. (USD)	6.34x	6.46x	16.16x	12.72x	3.55x	39.21%	-38.10%
Take-Two Interactive Inc. (USD)	4.41x	4.31x	19.60x	19.82x	4.67x	22.51%	-60.61%
Ubisoft Entertainment SA (EUR)	2.45x	2.50x	11.96x	5.16x	2.79x	20.46%	32.94%
<b>Median</b>	<b>4.54x</b>	<b>4.34x</b>	<b>14.28x</b>	<b>12.29x</b>	<b>4.11x</b>	<b>22.22%</b>	<b>-24.13%</b>
Movie Games S.A. (PLN)	5.63x	2.11x	75.90x	5.83x	3.50x	7.42%	-20.32%
<b>Premium/Discount</b>	<b>23.9%</b>	<b>-51.4%</b>	<b>431.4%</b>	<b>-52.5%</b>			
<b>Fair value per share Movie Games (PLN)</b>	<b>48.52</b>						

<b>Average peer group based FV</b>	<b>74.15</b>
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Source: CapitalIQ, bankier.pl, East Value Research GmbH

### Price target calculation

Valuation method	Fair value	Weight
DCF model	75.26	80%
Peer-group-based fair value	74.15	20%
<b>Weighted average (present value)</b>	<b>75.04</b>	
<b>In 12-months (PV * (1+WACC))</b>	<b>81.50</b>	

Source: East Value Research GmbH

## Profit and loss statement

in PLNm	2020	2021	2022E	2023E	2024E	2025E
<b>Revenues</b>	<b>10.89</b>	<b>16.41</b>	<b>43.81</b>	<b>48.02</b>	<b>52.63</b>	<b>57.68</b>
Cost of goods sold	-4.01	-11.30	-23.66	-28.24	-33.58	-37.26
<b>Gross profit</b>	<b>6.88</b>	<b>5.10</b>	<b>20.15</b>	<b>19.78</b>	<b>19.05</b>	<b>20.42</b>
Other operating income	0.01	0.00	0.00	0.00	0.00	0.00
Personnel costs	-1.88	-3.53	-3.89	-4.28	-4.70	-5.17
Other operating expenses	-0.91	-0.35	-0.44	-0.56	-0.59	-0.61
<b>EBITDA</b>	<b>4.10</b>	<b>1.22</b>	<b>15.83</b>	<b>14.95</b>	<b>13.75</b>	<b>14.64</b>
Depreciation	-0.02	-0.05	-0.06	-0.06	-0.07	-0.07
<b>Operating income</b>	<b>4.08</b>	<b>1.17</b>	<b>15.77</b>	<b>14.89</b>	<b>13.68</b>	<b>14.56</b>
Net financial result	6.47	13.09	12.00	7.50	5.00	3.00
Gain/Loss from at-equity investments	0.52	0.12	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>11.07</b>	<b>14.32</b>	<b>27.77</b>	<b>22.39</b>	<b>18.68</b>	<b>17.56</b>
Income taxes	-2.21	-3.15	-5.28	-4.25	-3.55	-3.34
Minorities	0.13	1.16	0.96	0.76	0.56	0.36
<b>Net income / loss</b>	<b>8.99</b>	<b>12.33</b>	<b>23.46</b>	<b>18.89</b>	<b>15.69</b>	<b>14.59</b>
EPS	3.49	4.79	9.12	7.34	6.10	5.67
DPS	0.00	1.00	1.82	1.47	1.22	1.13
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-36.80 %	-68.89 %	-54.00 %	-58.80 %	-63.80 %	-64.60 %
Gross profit	63.20 %	31.11 %	46.00 %	41.20 %	36.20 %	35.40 %
Other operating income	0.11 %	0.01 %	0.00 %	0.00 %	0.00 %	0.00 %
Personnel costs	-17.26 %	-21.54 %	-8.87 %	-8.91 %	-8.94 %	-8.97 %
Other operating expenses	-8.37 %	-2.16 %	-0.99 %	-1.16 %	-1.13 %	-1.05 %
EBITDA	37.67 %	7.42 %	36.13 %	31.14 %	26.14 %	25.38 %
Depreciation	-0.18 %	-0.28 %	-0.13 %	-0.14 %	-0.14 %	-0.13 %
Operating income	37.50 %	7.14 %	36.00 %	31.00 %	26.00 %	25.25 %
Net financial result	59.48 %	79.80 %	27.39 %	15.62 %	9.50 %	5.20 %
Gain/Loss from at-equity investments	4.74 %	0.73 %	0.00 %	0.00 %	0.00 %	0.00 %
EBT	101.70 %	87.30 %	63.39 %	46.62 %	35.50 %	30.45 %
Income taxes	-20.32 %	-19.21 %	-12.04 %	-8.86 %	-6.75 %	-5.79 %
Minorities	1.18 %	7.08 %	2.19 %	1.58 %	1.07 %	0.63 %
Net income / loss	82.56 %	75.17 %	53.54 %	39.35 %	29.82 %	25.29 %

## Balance sheet

in PLNm	2020	2021	2022E	2023E	2024E	2025E
Cash and equivalents	8.86	10.42	17.40	28.62	38.68	49.72
Short-term financial assets	0.00	0.28	0.29	0.30	0.30	0.31
Inventories	5.81	10.69	19.79	20.52	20.73	18.92
Trade accounts and notes receivables	0.37	2.99	7.20	7.03	6.77	6.40
Other current assets	2.19	9.69	10.66	11.73	12.90	14.19
<b>Current assets, total</b>	<b>17.23</b>	<b>34.07</b>	<b>55.34</b>	<b>68.20</b>	<b>79.38</b>	<b>89.53</b>
Property, plant and equipment	0.03	0.14	0.14	0.14	0.14	0.14
Other intangible assets	0.00	0.93	2.48	2.71	2.97	3.26
Goodwill	0.03	0.24	0.24	0.24	0.24	0.24
Other long-term assets	1.01	1.55	1.58	1.61	1.64	1.68
Deferred tax assets	0.00	0.04	0.00	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>1.07</b>	<b>2.89</b>	<b>4.44</b>	<b>4.71</b>	<b>5.00</b>	<b>5.32</b>
<b>Total assets</b>	<b>18.30</b>	<b>36.97</b>	<b>59.77</b>	<b>72.91</b>	<b>84.38</b>	<b>94.85</b>
Trade payables	0.33	1.09	0.38	1.04	2.12	2.47
Other short-term liabilities	0.18	1.21	1.22	1.22	1.22	1.22
Short-term financial debt	0.00	0.58	0.00	0.00	0.00	0.00
Pension provision	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	0.00	0.06	0.16	0.18	0.19	0.21
<b>Current liabilities, total</b>	<b>0.51</b>	<b>2.95</b>	<b>1.76</b>	<b>2.43</b>	<b>3.54</b>	<b>3.90</b>
Long-term financial debt	0.00	0.20	6.00	5.00	4.00	3.00
Pension provision	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term liabilities	0.00	0.06	0.15	0.16	0.18	0.19
Deferred tax liabilities	0.98	1.81	0.00	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>0.98</b>	<b>2.07</b>	<b>6.15</b>	<b>5.16</b>	<b>4.18</b>	<b>3.19</b>
<b>Total liabilities</b>	<b>1.49</b>	<b>5.02</b>	<b>7.90</b>	<b>7.60</b>	<b>7.71</b>	<b>7.09</b>
<b>Shareholders equity, total</b>	<b>15.12</b>	<b>28.00</b>	<b>48.89</b>	<b>63.09</b>	<b>75.00</b>	<b>86.45</b>
Minority interests	1.69	3.94	2.98	2.22	1.66	1.30
<b>Total equity and debt</b>	<b>18.30</b>	<b>36.97</b>	<b>59.77</b>	<b>72.91</b>	<b>84.38</b>	<b>94.85</b>

## Cash Flow Statement

in PLNm	2020	2021	2022E	2023E	2024E	2025E
Net income / loss	8.99	12.33	23.46	18.89	15.69	14.59
Depreciation	0.02	0.05	0.06	0.06	0.07	0.07
Change of working capital	-2.11	-5.74	-14.90	-0.96	-0.01	1.26
Others	-6.52	-12.77	1.67	-0.02	-0.02	-0.02
<b>Net operating cash flow</b>	<b>0.38</b>	<b>-6.13</b>	<b>10.29</b>	<b>17.99</b>	<b>15.73</b>	<b>15.90</b>
<b>Cash flow from investing</b>	<b>1.70</b>	<b>1.27</b>	<b>-1.61</b>	<b>-0.30</b>	<b>-0.33</b>	<b>-0.36</b>
Free cash flow	2.08	-4.85	8.68	17.68	15.40	15.54
<b>Cash flow from financing</b>	<b>6.13</b>	<b>6.41</b>	<b>-1.70</b>	<b>-6.46</b>	<b>-5.34</b>	<b>-4.50</b>
Change of cash	8.21	1.56	6.98	11.22	10.06	11.04
Cash at the beginning of the period	0.65	8.86	10.42	17.40	28.62	38.68
Cash at the end of the period	8.86	10.42	17.40	28.62	38.68	49.72

## Financial ratios

	2020	2021	2022E	2023E	2024E	2025E
<b>Profitability and balance sheet quality</b>						
Gross margin	63.20%	31.11%	46.00%	41.20%	36.20%	35.40%
EBITDA margin	37.67%	7.42%	36.13%	31.14%	26.14%	25.38%
EBIT margin	37.50%	7.14%	36.00%	31.00%	26.00%	25.25%
Net margin	82.56%	75.17%	53.54%	39.35%	29.82%	25.29%
Return on equity (ROE)	81.42%	57.20%	61.01%	33.75%	22.73%	18.07%
Return on assets (ROA)	13.73%	-2.05%	19.17%	15.63%	12.67%	12.22%
Return on capital employed (ROCE)	18.37%	2.69%	22.02%	17.11%	13.71%	12.97%
Economic Value Added (in PLNm)	1.74	-2.01	7.78	5.99	4.12	3.97
Net debt (in PLNm)	-8.86	-9.63	-11.40	-23.62	-34.68	-46.72
Net gearing	-58.60%	-34.41%	-23.31%	-37.44%	-46.23%	-54.04%
Equity ratio	82.62%	75.75%	81.79%	86.53%	88.89%	91.15%
Current ratio	33.59	11.55	31.52	28.01	22.45	22.95
Quick ratio	17.98	4.64	14.17	14.76	12.94	14.46
Net interest cover	0.63	0.09	1.31	1.98	2.74	4.85
Net debt/EBITDA	-2.16	-7.92	-0.72	-1.58	-2.52	-3.19
Tangible BVPS	5.87	10.79	18.91	24.43	29.06	33.51
Capex/Sales	0.54%	7.88%	3.67%	0.63%	0.63%	0.63%
Working capital/Sales	72.19%	128.05%	81.96%	76.77%	70.08%	61.76%
Cash Conversion Cycle (in days)	511	376	331	285	240	194
<b>Trading multiples</b>						
EV/Sales	8.48	5.63	2.11	1.92	1.75	1.60
EV/EBITDA	22.52	75.90	5.83	6.18	6.71	6.31
EV/EBIT	22.62	78.84	5.85	6.20	6.75	6.34
P/Tangible BVPS	6.50	3.53	2.02	1.56	1.31	1.14
P/E	10.91	7.95	4.18	5.19	6.25	6.72
P/FCF	47.14	-20.19	11.29	5.54	6.37	6.31

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