

## Gamivo

### Visible improvement in profitability

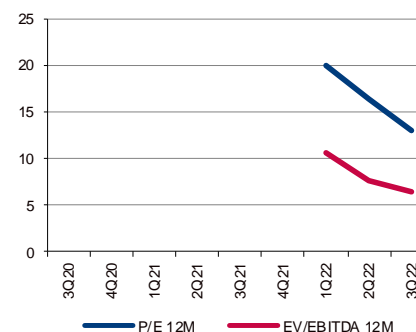
- Q3 2022 results.** We assume +10% growth at GMV y-o-y. , which implies a turnover of PLN 52.1m. We assume take-rate improvement to 19.6%, implying revenues of ca. PLN 10.2m. We assume that the effect of lower operating expenses in Q3 will continue, mainly on the third-party cost line (marketing/B2B salaries). We expect the third-party costs-to-revenue ratio to reach 60% (+1pp q/q). We count on the company to present a solid result on FCF for the third consecutive quarter. We adjust results at the net profit level for the write-down of negative goodwill.
- Outlook.** We appreciate the company's improved EBITDA profitability and positive cash generation. For the full year, we expect GMV growth of 12%. On the other hand, the market environment is challenging - the games market is decelerating (global PC/console revenues -10% YoY) and concerns about a global recession are growing. It appears that the company can still maximise its performance by developing its product offering and improving its platform technology. We believe that a potential slowdown in the games market could have a positive impact for the company due to a greater tendency for consumers to seek cheaper versions of games, which the platform offers (substitution effect).
- Changes to forecasts / Recommendation.** After strong Q2 results, we are upgrading our forecasts on core operating earnings by lowering the third-party cost-to-income ratio. We are reiterating a BUY rating with a target price of PLN 126/share.

mPLN	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	y/y	q/q
Sales	-	-	10	9	10	12	10	11	10	7%	-5%
EBITDA	-	-	2	1	2	1	2	3	3	70%	-7%
EBIT	-	-	1	1	1	0	1	2	2	93%	-9%
Net profit adj.	-	-	1	2	1	0	1	2	2	134%	-15%
P/E 12M trailing	-	-	-	-	-	-	20,0	16,4	13,0		
EV/EBITDA 12M trailing	-	-	-	-	-	-	10,7	7,7	6,5		
sales growth y/y	-	-	-	-	-	-	-	18%	7%		
EBITDA margin	-	-	-	-	17,3%	7,3%	17,0%	28,0%	27,4%		
EBIT margin	-	-	-	-	12,2%	1,6%	11,6%	22,8%	21,9%		
Net margin	-	-	-	-	8,6%	1,2%	9,3%	21,0%	18,8%		

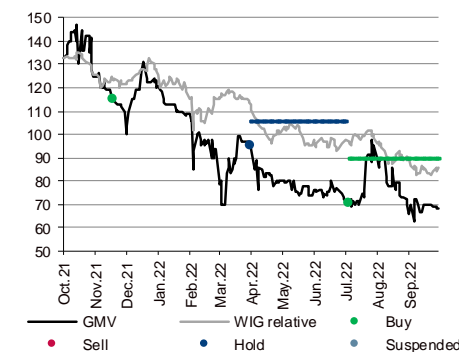
### Financial results 14.11.2022

Company data		Recommendation history	Date	Price
Ticker	GMV	Buy	25.07.2022	90
Sector	Gaming	Hold	21.04.2022	106
Price (PLN)	67,8	Buy	09.12.2021	252
52w min/max (PLN)	54,4 / 117,5	Buy	21.10.2021	263
Shares (m)	1,0	Buy	07.09.2021	290
MC (PLNm)	68,3			
S&P Global ESG Scores	1,0			
Avg. 3M turnover (PLNm)	0,02			
Price chng.	1M 12,2%	3M 12,2%	1Y 12,2%	

### P/E 12M vs EV/EBITDA 12M



### WIG vs. GMV chart



mPLN	2019	2020	2021	2022E	2023E	2024E
Sales	10	31	40	44	52	61
EBITDA	1	9	6	11	12	14
EBIT	0	9	4	8	10	12
Net profit adj.	0	8	3	7	8	9
EPS (PLN)	-	8,0	5,7	9,5	10,1	11,6
DPS (PLN)	-	0,0	0,0	0,0	0,0	0,0
P/E (x)	-	8,7	20,7	9,3	8,7	7,3
EV/EBITDA (x)	-	6,6	10,4	4,8	3,6	2,5
P/BV (x)	-	55,3	9,1	4,0	2,5	1,8
DY (%)	-	0,0%	0,0%	0,0%	0,0%	0,0%

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### Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

capex – sum of investment expenditures on fixed assets

OCF – cash generated through the operational activities of the company

FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets

ROE – rate of return on equity

NWC – net working capital

Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

Gross profit margin – a ratio of gross profit to net revenue

EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – a ratio of operating profit to net revenue

net margin – a ratio of net profit to net revenue

EPS – earnings per share

DPS – dividends per share

P/E – a ratio of market price to earnings per share

P/BV – a ratio of market price to book value per share

EV/EBITDA – a company's EV to EBITDA ratio

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, dividend paid to share price ratio

RFR - risk-free rate

WACC - weighted average cost of capital

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BUY – we expect that the rate of return on an investment will be at least 10%

NEUTRAL – we expect the price of an investment to be relatively stable, optionally it will increase no greater than 10%

SELL – we expect that an investment will make a loss greater than 0%

Recommendation prepared by: Grzegorz Kujawski, Maciej Marcinowski, David Sharma, Dominik Niszcz, Michał Kozak, Kacper Koproń, Katarzyna Kosiorek, Łukasz Rudnik, Piotr Rychlicki, Piotr Chodyra

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