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Results Reaction	Leisure	Sweden	10 May 2022
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## Q1/22: Positive momentum continues for the media segment

**Reported EBITDA came in at EUR 6.5m which was 3% better than consensus driven by the media segment, which showed both continued strong growth and improved margins. The company recently announced a multi-product deal as a result of the acquisition of SportnCo, with a client in the Angolan regulated market. Following the report we could see consensus EBITDA coming up mid-single-digits for FY 2022E.**

### Outcome: EBITDA EUR 6.5m, driven by strong quarter for Media

GIG reported sales of EUR 19.1m for the first quarter of 2022, which was 2% above our estimates and 1% above consensus. Sales growth y-o-y was 27% organically driven by the media segment which saw 60% increase in FTDs y-o-y (69,800 vs SEBE 65,700). We notice increased momentum within the paid segment of the media business, which signals increasing growth going forward thanks to the high percentage of revenue share agreements. EBITDA came in at EUR 6.5m (+5.8 %vs SEB, +3.4% vs consensus), also driven by the Media segment which reported an EBITDA margin of 49% vs SEB at 45%. Platform sales decreased 4% y-o-y, due to loss of premium fees from Betsson, adjusted for this effect underlying sales growth was 20% y-o-y.

### Outlook: Integration of SportnCo according to plan

The focus going forward is strengthening the company by integrating the people and technology from SportnCo. The company is focused on driving growth through the combined offer of GIG and SportnCo. It signed its first multi-product contract earlier this month, a first move into a new emerging regulated African market.

### Impact: Consensus EBITDA up mid single-digit FY 2022E

We could see consensus coming up mid-single-digits on EBITDA for FY 2022E.

### Other comments: Deviation Table

## Deviation table

Gaming innovation group (EURm)	Q1/22E			Deviation SEB		Deviation Cons		Q1/21		Q4/21	
	Actual	SEB	Cons	Abs	Rel (%)	Abs	Rel (%)	Actual	y/y (%)	Actual	q/q (%)
Net Sales (normalized)	19.1	18.7	18.7	0.3	1.8	0.4	2.0	15.4	23.7	18.2	4.7
COGS	(1.1)	(1.1)	n.a.	0.0	(1.9)	n.a.	n.a.	(0.8)	29.1	(1.4)	(22.7)
Gross profit	22.0	20.6	n.a.	1.4	6.6	n.a.	n.a.	17.5	25.8	21.6	1.7
Marketing expenses	(6.7)	(6.5)	n.a.	(0.2)	3.5	n.a.	n.a.	(4.7)	43.8	(7.0)	(3.5)
Other operating income/costs	(8.7)	(8.0)	n.a.	(0.8)	9.6	n.a.	n.a.	(8.2)	6.1	(9.0)	(3.4)
Non-recurring items	0.0	0.0	n.a.	0.0	n.a.	n.a.	n.a.	0.0	n.a.	0.0	n.a.
Total SG&A	(15.5)	(14.5)	n.a.	(1.0)	6.9	n.a.	n.a.	(12.9)	19.8	(16.0)	(3.4)
EBITDA	6.5	6.1	6.3	0.4	5.8	0.2	3.4	4.6	42.8	5.6	16.6
Of which: NRIs	0.0	0.0	n.a.	0.0	n.a.	n.a.	n.a.	0.0	n.a.	0.0	n.a.
Adj. EBITDA	6.5	6.1	n.a.	0.4	5.8	n.a.	n.a.	4.6	42.8	5.6	16.6
D&A	(3.6)	(3.2)	3.9	(0.4)	13.3	(7.3)	(192.6)	(3.2)	12.5	(3.8)	(3.4)
EBIT	2.9	2.9	2.5	(0.1)	(2.3)	0.3	13.1	1.3	116.2	1.8	57.8
Adj. EBIT	2.9	2.9	n.a.	(0.1)	(2.3)	n.a.	n.a.	1.3	116.2	1.8	57.8
Net financial items	(1.1)	(1.5)	n.a.	0.4	(23.4)	n.a.	n.a.	(0.6)	79.0	(2.8)	(58.5)
Reported pre-tax profit	1.7	1.4	0.7	0.3	19.6	1.0	154.1	0.7	150.9	(0.9)	(283.8)
Total taxes	(0.2)	(0.2)	n.a.	(0.0)	12.4	n.a.	n.a.	1.5	(112.0)	(0.6)	(67.5)
Net profit (cont. operations), reported	1.6	1.3	0.7	0.3	20.5	0.9	127.8	2.2	(28.9)	(1.5)	(204.0)
Net profit (cont. operations), adj. for NRIs net of 11% tax	1.6	1.3	0.7	0.3	20.5	0.9	127.8	2.2	(28.9)	(1.5)	(204.0)
Net income from discont. operations	(0.5)	0.0	n.a.	(0.5)	n.a.	n.a.	n.a.	(0.1)	614.9	(0.2)	139.5
Total net income	1.1	1.3	n.a.	(0.2)	(16.7)	n.a.	n.a.	2.1	(49.3)	(1.7)	(163.4)
EPS, reported (cont. oper)	0.02	0.01	0.01	0.00	20.48	0.01	127.85	0.02	(29.63)	(0.02)	(204.0)
EPS, adj (cont. oper)	0.02	0.01	0.01	0.00	20.48	0.01	127.85	0.02	(29.63)	(0.02)	(204.0)
Sales growth (%)	23.7	21.6	21.3	2.2	n.a.	2.5	n.a.	44.6	(20.9)	29.54	(5.8)
EBITDA growth (%)	42.8	34.9	38.1	7.9	n.a.	4.8	n.a.	673.5	(630.7)	35.34	7.5
EBIT growth (%)	116.2	121.3	91.3	(5.1)	n.a.	25.0	n.a.	n.a.	n.a.	n.a.	n.a.
Adj. EBITDA (excl. NRIs) margin (%)	34.2	32.8	33.7	1.3	n.a.	0.5	n.a.	29.6	4.6	30.7	3.5
Adj. EBIT (excl. NRIs) margin (%)	15.1	15.7	13.6	(0.6)	n.a.	1.5	n.a.	8.6	6.5	10.0	5.1
Pre-tax margin (%)	9.1	7.7	3.6	1.4	n.a.	5.4	n.a.	4.5	4.6	(5.2)	14.3
Net profit margin (%)	8.1	6.9	3.6	1.3	n.a.	4.5	n.a.	14.2	(6.0)	(8.2)	16.3

Source: SEB, GIG, FactSet

## Conference call details: 10:00 CET.

Management will hold a conference call today at 10:00 CET.

Link to the livestream:

<https://www.redeye.se/events/838781/live-q-gaming-innovation-group-3>

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