



The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2020	2021	2022F	2023F	
Price [PLN]	11,4	P/E	13,7	20,9	-	-	Analyst: Krzysztof Tkocz krzysztof.tkocz@bdm.pl tel.: (+48) 516 086 705
MC [mln PLN]	71,3	EV/EBITDA	12,2	13,0	-	-	
		EV/EBIT	18,1	16,6	-	-	
		P/BV	5,5	3,8	-	-	

Last recommendation BDM: BUY with target price 24,1 PLN/share (2021/08/20) [LINK](#)

#### Q1'22 results [mln PLN]s

	Q1'21	Q1'22	zmiana r/r	Q1'212 BDM	dev.
Sales	2,1	2,5	17,9%	3,1	-20,4%
Gross profit	1,0	1,4	48,7%	1,6	-11,1%
Other op.income/expenses	0,0	0,0	-	0,0	-
EBITDA	1,2	1,7	43,3%	1,6	8,6%
EBIT	1,0	1,4	48,7%	1,6	-11,1%
Financial income/expense, net	0,0	0,0	-	0,0	-
Profit before tax	1,0	1,4	43,2%	1,6	-11,7%
Net profit	0,9	1,6	77,5%	1,4	14,2%
Gross margin	45,7%	57,7%		51,7%	
EBITDA margin	57,9%	70,4%		52,0%	
EBIT margin	45,7%	57,7%		51,7%	
Net margin	43,0%	64,8%		46,9%	

Source: BDM S.A., company

- In Q1'22, the company generated PLN 2.5 million in revenues (+ 18% y/y).
- In the reported period, the operating costs amounted to 1.0 million (-7.9% y/y). As usual, the highest cost is related to the production of games, hence the costs of external services amounted to PLN 0.7 million (+ 11.9% y/y), and salaries decreased by 60.4% y/y to PLN 0.1 million.
- In the last quarter, the company generated PLN 1.7 million EBITDA (+ 43.3% y/y), and at the level of net profit n.a. it managed to earn PLN 1.6 million (+ 77.5% y/y).
- Cash flows from operating activities in 1Q'22 amounted to PLN -0.2 million, cash flows from investing activities were equal to PLN -6.9 million, and from financial activities - PLN 4.7 million. At the end of March '22, the company had PLN 7.7m in cash and cash equivalents (PLN -2.4m q/q).
- The company's intangible assets increased from PLN 3.7m at the end of 2021 to PLN 5.5m at the end of Q1'22 (of which PLN 3.2m were costs of games in progress, PLN 1.7m of gaming rights, and PLN 0.6 million - costs of completed games).
- Trade and other receivables increased from PLN 5.6 million at the end of 2021. up to PLN 7.3 million at the end of March '22.
- Expansion of the group's development strategy - another one has been added to the existing five pillars, i.e. creating games in the Play to Earn model based on blockchain technology, digital currency and NFT. As part of this pillar, among others, the company will introduce a new digital currency, SIMcoin, which can be used in its games and services. Funding for the creation of the first game based on the "Play to Earn" model and blockchain technology was obtained from the Swiss DFINITY Foundation. The first grant is 25,000. USD, but the SimFabric project also intends to involve its subsidiaries. Thanks to this, the total amount that can be obtained from the Foundation may be 375 thousand. USD. In their projects, they intend to use the Internet Computer blockchain technology, ICP digital currency, implementation of the "Play to Earn" model and distribution of NFT tokens for resale.
- Train Mechanic Simulator VR - All game development and marketing costs in the Steam VR Store have been refunded.
- VRFabric - finished porting and releasing Train Mechanic Simulator VR to HTC Vive virtual reality devices. The game is also available on the Chinese market. There are plans to release it on virtual reality devices Oculus Rift, Meta Oculus 2, as well as PlayStation VR and PlayStation VR 2. The company has also started work on porting the game to virtual reality devices Gardenia. After porting, it will appear on the largest sales platforms, i.e. Steam, VIVEPORT, Oculus and PlayStation Store VR.
- In Q1'22, two successful share issues were also carried out at MobileFabric and VRFabric. In total, both companies obtained financing in the amount exceeding PLN 5 million. It is planned to allocate this amount to the development of teams in both companies, investments in new projects and obtaining new publishing contracts, as well as technological development of the companies themselves.
- SimFabric, in cooperation with VRFabric, has planned to participate in the June festival of Next Fest games on the Steam store. During this festival, the demo versions of the games: Gardenia VR, My Demon Wife and ElectriX will be presented to a wide audience.
- At the end of March '22, the SimFabric team consists of a total of 70 people, ie: 1 person employed under an employment contract and 4 persons employed under specific specific contracts, the rest on the basis of b2b contracts. The companies MobileFabric and VRFabric Employ four people on the basis of a specific specific contract.

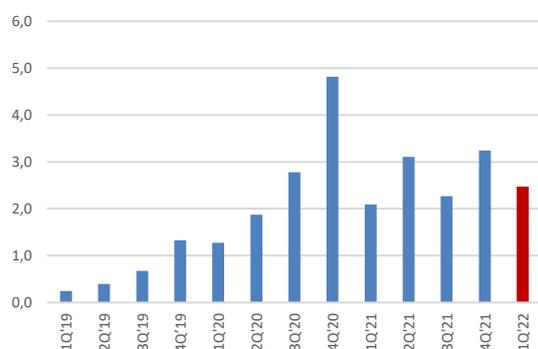
Results in previous quarters [mln PLN]

Results Q [mln PLN]	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2018	2019	2020	2021
Sales	0,2	0,4	0,7	1,3	1,3	1,9	1,6	4,8	2,1	3,1	2,3	3,2	2,5	0,8	2,7	9,5	10,0
Gross profit	0,0	0,1	0,1	0,3	0,2	0,2	0,8	2,3	1,0	1,6	0,6	1,8	1,4	0,1	0,5	3,4	3,7
Other op.income/expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	0,0	0,1	0,1	0,3	0,2	0,2	0,8	2,3	1,2	1,0	0,6	1,8	1,7	0,1	0,5	5,2	4,7
EBIT	0,0	0,1	0,1	0,3	0,2	0,2	0,8	2,3	1,0	0,9	0,6	1,8	1,4	0,0	0,5	3,5	3,7
Profit before tax	0,0	0,1	0,1	0,3	0,2	0,2	0,8	2,4	1,0	0,8	0,7	1,8	1,4	0,0	0,5	3,6	3,7
Net profit	0,0	0,1	0,1	0,3	0,2	0,1	0,7	2,4	0,9	0,5	0,6	2,2	1,6	0,0	0,4	5,2	3,4
Sales change y/y	-	-	-	-	423,0%	372,1%	137,8%	261,7%	92,4%	64,7%	41,5%	-32,7%	17,9%	-	218,3%	262,0%	5,3%
Net profit change y/y	-	-	-	-	743,7%	84,1%	820,3%	744,3%	533,5%	287,0%	-10,5%	-8,7%	77,5%	-	3351,3%	637,4%	-34,3%
Gross margin	6,1%	20,9%	15,7%	23,4%	15,7%	11,9%	49,4%	47,7%	49,2%	51,3%	28,0%	56,6%	57,7%	6,1%	19,5%	36,2%	36,9%
EBITDA margin	10,3%	20,8%	15,8%	23,5%	15,8%	11,5%	49,6%	46,9%	49,3%	30,9%	27,9%	56,9%	70,4%	6,3%	19,9%	54,7%	47,1%
EBIT margin	10,2%	20,8%	15,7%	23,4%	15,7%	11,4%	49,4%	46,8%	49,2%	30,6%	28,0%	56,6%	57,7%	5,0%	19,8%	36,7%	36,9%
Net margin	8,6%	18,1%	10,7%	21,3%	13,9%	7,0%	41,5%	49,7%	45,9%	16,5%	26,2%	67,3%	64,8%	1,6%	16,9%	54,7%	34,1%

Źródło: BDM S.A., company

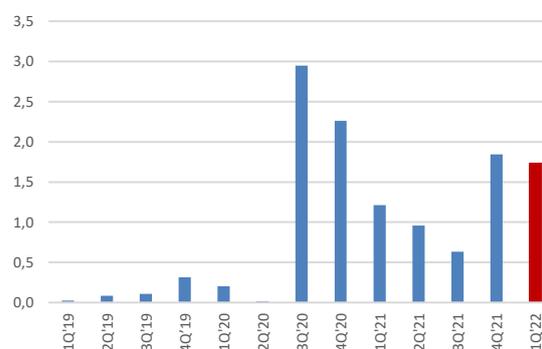
**BDM Comment:** SimFabric's results for Q1'22 are close to our expectations, therefore we perceive them neutrally. In the reported period, the company generated PLN 2.5 million in revenues (+ 18% y/y). In Q1'22, operating expenses amounted to 1.0 million (-7.9% y/y). As usual, the highest cost is related to the production of games, hence the costs of external services amounted to PLN 0.7 million (+ 11.9% y/y), and salaries decreased by 60.4% y/y to PLN 0.1 million. In the last quarter, the company generated PLN 1.7 million EBITDA (+ 43.3% y/y), and at the level of net profit, n.a. it managed to generate PLN 1.6 million (+ 77.5% y/y). Cash flows from operating activities in 1Q'22 amounted to PLN -0.2 million, cash flows from investing activities were equal to PLN -6.9 million, and financial flows were equal to PLN +4.7 million. At the end of March '22, the company had PLN 7.7m in cash and cash equivalents (PLN -2.4m q/q). The company's intangible assets increased from PLN 3.7m at the end of 2021 to PLN 5.5m at the end of Q1'22 (of which PLN 3.2m were the costs of games in production, PLN 1.7m of gaming rights, and PLN 0.6m costs of completed games SimFabric, in cooperation with VRFabric, has planned to participate in the June games festival Next Fest on Steam, where demo versions of the games: Gardenia VR, My Demon Wife and ElectriX will be presented to a wide audience.

Sales [mln PLN]



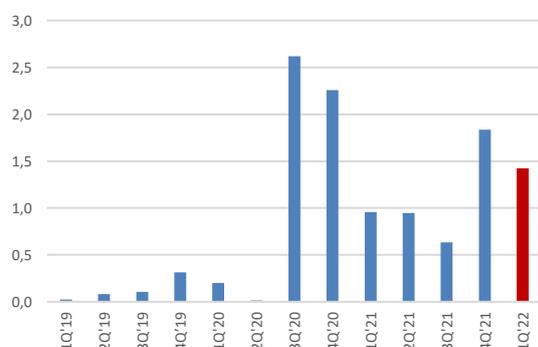
Źródło: Dom Maklerski BDM S.A., company

EBITDA [mln PLN]



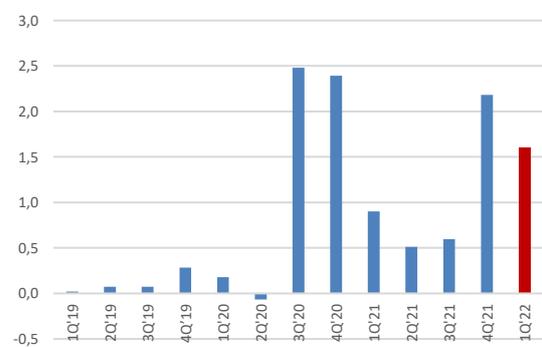
Źródło: Dom Maklerski BDM S.A., company

EBIT [mln PLN]



Źródło: Dom Maklerski BDM S.A., company

Net profit [mln PLN]



Źródło: Dom Maklerski BDM S.A., company

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**Explanations of terminology:**

EBIT - earnings before interest and tax

EBITDA – earnings before interest, taxes, depreciation, and amortization

Net debt – interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV – market capitalization plus interest bearing debt minus cash and equivalents

EV/S – market capitalization / sales

EV/EBITDA – EV / sales

P/EBIT – market capitalization / EBIT

MC/S – market capitalization / sales

P/E – market capitalization / net profit

P/BV – market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE – net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin – EBITDA / sales

EBIT margin – EBIT / sales

Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

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**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	24,1	---	---	20.08.2021*	07:00 CEST	20,2	68 036

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

**Distribution of BDM's recommendations in Q2'22\*:**

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	2	100%	2	100%
Accumulate	0	0%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months and information on the numbers of issuers to which BDM has supplied services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU is included in a cyclical "Monthly Report" or at [www.bdm.pl](http://www.bdm.pl)

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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