



**Media and Games  
Invest SE**

# **INTERIM REPORT Q3 2022**

**MEDIA AND GAMES INVEST GROUP "MGI"**



## INTERIM REPORT Q3 2022

Media and Games Invest Group (“MGI” or the “Company”)  
All figures are consolidated group figures

### STRONG REVENUE GROWTH IN A TOUGH MARKET DUE TO MANY NEW SOFTWARE CLIENTS

*“I am very pleased to announce that, despite macroeconomic headwinds we were able to deliver a very strong quarter with 39% revenue growth and 21% adj. EBITDA growth. Even more importantly, out of our overall revenue growth of 39% we realized 23% Organic Revenue Growth. On a rolling last twelve-month basis we generated EUR 312 million in revenues and EUR 85 million in adj. EBITDA and are already well within the range of our full-year 2022 Guidance of EUR 295-315 million in revenues and EUR 83-93 million in adj. EBITDA. This strong performance was achieved despite several headwinds in our markets. Organic growth was driven by adding new Software Clients while revenues from existing customers also grew moderately. Based on our strong year-to-date performance we expect that we will exceed our current revenue target range and herewith update our revenue Guidance 2022 to be in the range of EUR 315-325 million. Our adj. EBITDA Guidance remains unchanged at EUR 83-93m. We, however, remain cautious with our forecasts based on current market headwinds.”* says Remco Westermann, CEO MGI Group.

## HIGHLIGHTS Q3 2022

- **Net Revenues** amounted to 87.6 mEUR (Q3 2021: 62.9 mEUR), an increase of 39% compared to Q3 2021, whereof 23% was contributed by Organic Revenue Growth.
- **Adj. EBITDA** amounted to 23.0 mEUR (Q3 2021: 19.0 mEUR), an increase of 21%.
- **Adj. EBIT** amounted to 18.5 mEUR (Q3 2021: 15.0 mEUR), which is an increase of 24%.
- **Adj. Net Result** amounted to 6.7 mEUR (Q3 2021: 6.5 mEUR), an increase of 4%.
- **Earnings Per Share (EPS)** amounted to EUR 0.02 (Q3 2021: EUR 0.02). EPS adjusted for PPA-amortization amounted to EUR 0.04 (Q3 2021: EUR 0.04).

### SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	Q3 2022	Q3 2021	Q1-Q3 '22	Q1-Q3 '21	FY 2021
<b>Net Revenues</b>	87.6	62.9	231.5	172.0	252.2
<b>YoY Growth in Revenues</b>	39%	80%	35%	88%	80%
<b>EBITDA</b>	21.4	17.5	58.3	44.1	65.0
<b>EBITDA Margins</b>	24%	28%	25%	26%	26%
<b>Adj. EBITDA</b>	23.0	19.0	61.7	47.8	71.1
<b>Adj. EBITDA Margins</b>	26%	30%	27%	28%	28%
<b>Adj. EBIT</b>	18.5	15.0	48.5	35.4	54.8
<b>Adj. EBIT Margins</b>	21%	24%	21%	21%	22%
<b>Adj. Net Result</b>	6.7	6.5	18.8	17.3	28.0
<b>Adj. Net Result Margins</b>	8%	10%	8%	10%	11%



# HIGHLIGHTS FIRST 9 MONTHS 2022

- **Net Revenues** amounted to 231.5 mEUR (Q1-Q3 2021: 172.0 mEUR), an increase of 35%.
- **Adj. EBITDA** amounted to 61.7 mEUR (Q1-Q3 2021: 47.8 mEUR), an increase of 29%.
- **Adj. EBIT** amounted to 48.5 mEUR (Q1-Q3 2021: 35.4 mEUR), which is an increase of 37%.
- **Adj. Net Result** amounted to 18.8 mEUR (Q1-Q3 2021: 17.3 mEUR), an increase of 9%.
- **Net Interest-Bearing Debt** as of September 30, 2022 amounted to 307.5 mEUR (December 31, 2021: 198.6 mEUR).
- **Leverage Ratio** amounted to 3.6x as of September 30, 2022 (3.7x as of June 30, 2022 and 2.8x as per December 31, 2021). At the end of Q3 2022, this ratio includes only 5 months of AxesInMotion EBITDA as well as 3 months of Dataseat EBITDA and is therefore overstated. Mid-term, the company intends to de-lever to below 3.0x.
- **Cash and Cash Equivalents** amounted to 118.4 mEUR (December 31, 2021: 180.2 mEUR) and decreased due to the final earn-out and deferred purchase price payments related to the KingsIsle acquisition as well as the initial purchase price payments for the AxesInMotion and Dataseat acquisitions.
- **Earnings Per Share (EPS)** amounted to EUR 0.06 (Q1-Q3 2021: EUR 0.06). EPS adjusted for PPA-amortization amounted to EUR 0.12 (Q1-Q3 2021: EUR 0.12).



# A WORD FROM REMCO WESTERMANN, CEO

*“Dear shareholders,*

*I am very pleased to announce that we were able to deliver a very strong quarter with 39% revenue growth and 21% adj. EBITDA growth despite macroeconomic headwinds. Even more importantly, we were able to continue our strong Organic Revenue Growth and realized 23% in this third quarter. On a rolling last twelve-month basis we generated EUR 312 million in revenues and EUR 85 million in adj. EBITDA and are already well within the range of our full-year 2022 Guidance of EUR 295-315 million in revenues and EUR 83-93 million in adj. EBITDA. Based on our strong year-to-date performance, while at the same time remaining cautious regarding our forecasts based on current market headwinds, we expect that we will exceed our revenue target and herewith update our revenue Guidance 2022 to be in the range of EUR 315-325 million. Our adj. EBITDA Guidance remains unchanged at 83-93m.*

*MGI's strong performance was achieved despite several headwinds in our markets. July, according to industry analysts, was the worst month in terms of advertising spend since the harsh cuts at the onset of the Covid-19 pandemic. Accordingly, we saw only moderate revenue growth in our existing Software Clients with a Net Dollar Expansion Rate equaling 104%. However, we believe this moderate growth is a very strong signal as growing advertising budgets in the current market environment can certainly not be taken for granted. A Net Dollar Expansion rate above 100% indicates that existing Software Clients increased their revenues on our platform versus the same period last year. Despite many advertisers across many industries decreasing their marketing budgets, we managed to overall increase the volume of ads served for our Software Clients. This positive effect, however, was partially mitigated by the negative market impact from lower CPMs (cost per thousand ad impressions) caused by overall lower advertiser demand which led to reduced margins.*

*Since we were able to substantially add new customers, we delivered almost as many ads in Q3'22 than in the (seasonally always much stronger) Q4 of last year. The number of ad impressions we served showed a strong year on year growth of 27% leading to 172 billion ad impressions in Q3'22 alone. In Q3'22, we were able to grow the ad spend on our platform by 54% and therefore gained market share and continued our overall growth path. For the upcoming quarters, we will further focus on organic growth by launching new products, by further increasing return on ad spend for our customers and by adding new customers. Additionally, we can expect strong tailwinds for our revenues if CPMs are increasing again.*

*We were also able to substantially grow our adj. EBITDA (+21% in Q3'22). We continue working on integrating and optimizing our platforms as well as our product and services portfolios. While we added extra manpower to drive more innovation, we reduced manpower needs due to streamlining our platforms and other activities. On the other hand and based on large corporate projects such as improving our internal control systems and preparing our relocation to Sweden we saw administrative costs increasing. While we have already generated substantial synergies from optimizations, we have further headroom on the cost optimization side.*





*I have been frequently asked how I see the coming quarters and what a recession means for our company, and I would like to take this opportunity to share my views with you. If I were to sum it up in a headline, it would be: "Acknowledge, adapt quickly and overtake."*

*In more detail: we are currently in an economic environment with a high level of uncertainty caused by various disruptions due to the pandemic, high energy prices due to the war in Ukraine, persistent issues in the supply chain and a high level of inflation triggering increasing interest rates. To effectively battle inflation central banks intend to slow down demand. The uncertainty as well as the slow-down in economic activity led to cuts in advertising budgets, which in turn leads to less demand and, thus, to lower CPMs.*

*I expect that this situation will continue well into next year and perhaps even longer. We have accepted this reality and have adapted accordingly. Focus is now on growing our customer base and on increasing the effectiveness of our ad-software platform. In the meantime, we are also focusing on cost-efficiency, further integrating our recently acquired assets and gaining synergies based on our flywheel approach. For the time being, we have also decided to not focus on further M&A activity. Increased revenues and cost discipline will further lead to deleveraging. The aim of these measures is to secure our cash position, further strengthen cash flow and to generate additional organic growth through targeted investments in our core strengths.*

*It is well-known that it is not the strongest species that survives, nor the most intelligent, but the one most responsive to change. Consequently, we have acknowledged the new environment we operate in, we are fast in adapting and we are focusing on our strengths. We see the current market characteristics as a significant opportunity, and we have set ourselves the goal to use this opportunity to gain market-share and become stronger.*

*You do not have to be an optimist to see that the market will recover and that this time, too, the crisis will not be followed by the end of the world. The economy will pick up again after the recession, and companies will invest more in advertising again which will also lead to rebounding CPMs.*

*The advertising market is huge and, according to all analysts, will grow in the medium and long term. The key point to understand is that the overall industry landscape is shifting more and more from traditional advertising channels such as television and newspapers to digital channels. It is moving away from manual work to efficient and automated processes controlled by artificial intelligence; and, very importantly, it is moving away from a lack of transparency in the use of data to transparent and privacy-compliant processes. It is precisely this area, precisely this new world of advertising, that we have in recent years positioned ourselves in, and we have been able to secure significant market share ever since.*

*How have we done that? Starting from building a portfolio of games with long-term sustainable revenues and first party data, then adding an end-to-end multi-channel programmatic ad-platform enabling us to optimally connect advertisers and publishers via programmatic bidding. This was followed by investing into data and artificial intelligence capabilities building a competitive edge for a world without identifiers. These three elements of our ad software platform allow us to deliver innovative products, as well as high transparency and efficiency and a high return on advertising spend. That we possess these capabilities is also demonstrated by the fact that we have been ranked number one on Pixalate's Sellers Trust Index in mobile SSP four consecutive times.*

*The first party opt-in data of our own games content serve as a laboratory to test new innovative products and to feed and improve our algorithms while additionally generating good returns via item sale, subscription, and ad-based revenue models. In the meantime, we are also growing our existing games and launching new games. We use data solutions to adopt and excel in the new and upcoming privacy first environment with less, or even no, identifiers. We have developed future-proof solutions such as Moments A.I. and ATOM which rely on context and segments and that are fully privacy compliant. Our end-to-end Ad-Software-Platform connects the entire value chain between advertisers and publishers. On the one hand, this obviously has a positive effect on margins and efficiency, since instead of up to five different middlemen, there is only one between the advertiser and the publisher. More importantly, however, the high degree of transparency that can be achieved by eliminating middlemen and by using proprietary first party data, has an extremely positive impact on the quality and efficiency we can offer.*



*Especially during a recession, advertisers will focus even more on the outcome of their campaigns to make the most out of their reduced budget and also have a higher willingness to switch. With our end-to-end set-up, first-party data as well as innovative and privacy compliant products, we have the means and the knowledge to support advertisers in this endeavor and, thus generate customer growth also in a more challenging environment.*

*There is one important variable I have not mentioned yet which is our strong and highly motivated team: Our team has put a lot of work and dedication into building, improving and innovating our platform over the past few years, which has brought us to where we are today -one of the largest mobile exchanges/SSPs worldwide- that is known for setting standards in terms of quality, transparency, and efficiency.*

*With our strong cash position of well above €100 million and our strong cash flow from operations in combination with the strong market position which we were able to build over the last few years, we have an excellent foundation for further growth. Being well positioned in a market that is changing rapidly and growing dynamically long term, I can hardly describe how excited I am to continue this journey with my team and together with you.*

*Overall, I remain very positive about Media and Games Invests future. And as Ayrton Senna once said, "You cannot overtake 15 cars when it is sunny, but you can when it's raining.". We are ready to do so!*

*Next to further profitable growth we are also actively improving our governance and sustainability performance, such as preparing our relocation to Sweden and have extended the board of directors. As part of these changes, I no longer act as Chairman of the board of directors, now being a regular member of the board fully concentrating on my CEO role."*

Remco Westermann

CEO of MGI



# FINANCIAL PERFORMANCE

## CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

### THE THIRD QUARTER 2022

- **Net Revenues** amounted to 87.6 mEUR (Q3 2021: 62.9 mEUR), an increase of 39% compared to Q3 2021, where 23% was contributed by Organic Revenue Growth. The Company is proud to present strong Organic Revenue despite the continuing softening market environment that has been evident throughout Q3.
- **Adj. EBITDA** amounted to 23.0 mEUR (Q3 2021: 19.0 mEUR), an increase of 21%. Adj. EBITDA grew at a lower rate than the Net revenues primarily driven by the softening of the advertisement market, the subsequent reduction of realizable CPMs (Cost-per-Mille) followed by higher traffic and infrastructure costs. Overall, however, the Company's operational profitability continues to grow.
- **EBITDA Adjustments** amounted to 1.6 mEUR and were made largely for one-time costs and costs associated with the Relocation, M&A, and the ESOP program.
- **Adj. EBITDA Margins** decreased in the third quarter of 2022 to 26% (Q3 2021: 30%).
- **EBITDA** amounted to 21.4 mEUR (Q3 2021: 17.5 mEUR), an increase of 22%.
- **EBITDA Margins** decreased from 28% to 24% year-over-year.
- **Adj. EBIT** amounted to 18.5 mEUR (Q3 2021: 15.0 mEUR), an increase of 24%.
- **Adj. EBIT Margin** amounted to 21% (Q3 2021: 24%).
- **EBIT Adjustments** consist of the EBITDA adjustments mentioned above plus PPA amortization in the amount of 3.6 mEUR.
- **EBIT** increased to 13.3 mEUR (Q3 2021: 10.0 mEUR).
- **Adj. Net Result** amounted to 6.7 mEUR (Q3 2021: 6.5 mEUR), an increase of 4%.
- **The Net Result** amounted to 3.1 mEUR (Q3 2021: 3.0 mEUR), an increase of 3% driven primarily by the increase in PPA amortization as well as increased financial expenses following the bond issues in 2021 and 2022.
- **Earnings Per Share (EPS)** amounted to EUR 0.02 (Q3 2021: EUR 0.02). EPS adjusted for PPA-amortization amounted to EUR 0.04 (Q3 2021: EUR 0.04).

### THE FIRST 9 MONTHS OF YEAR 2022

- **Net Revenues** amounted to 231.5 mEUR (Q1-Q3 2021: 172.0 mEUR), an increase of 35%.
- **Adj. EBITDA** amounted to 61.7 mEUR (Q1-Q3 2021: 47.8 mEUR), an increase of 29%.
- **EBITDA Adjustments** amounted to 3.4 mEUR and were made largely for one-time costs and costs associated with the ESOP program.
- **Adj. EBITDA Margins** decreased slightly by one percentage point during the first three quarters of 2022 to 27% (Q1-Q3 2021: 28%).
- **EBITDA** amounted to 58.3 mEUR (Q1-Q3 2021: 44.1 mEUR), an increase of 32%.
- **EBITDA Margins** decreased slightly from 26% to 25%.
- **Adj. EBIT** amounted to 48.5 mEUR (Q1-Q3 2021: 35.4 mEUR), which is an increase of 37%.
- **Adj. EBIT Margin** remained stable at 21% (Q1-Q3 2021: 21%).
- **EBIT Adjustments** consists of the EBITDA adjustments mentioned above plus PPA amortization in the amount of 10.1 mEUR.
- **EBIT** increased to 35.0 mEUR (Q1-Q3 2021: 23.1 mEUR).
- **Adj. Net Result** amounted to 18.8 mEUR (Q1-Q3 2021: 17.3 mEUR), an increase of 9%.
- **The Net Result** amounted to 8.7 mEUR (Q1-Q3 2021: 8.7 mEUR) and therefore remained flat. The increase of EBITDA growth was largely offset by increased PPA amortization as well as financial expenses following the bond issues in 2021 and 2022.
- **Earnings Per Share (EPS)** amounted to EUR 0.06 (Q1-Q3 2021: EUR 0.06). EPS adjusted for PPA-amortization amounted to EUR 0.12 (Q1-Q3 2021: EUR 0.12).





## CASH FLOW AND FINANCIAL POSITION

- **Operating Cashflow** before changes in working capital amounted to 19.2 mEUR in Q3'22 (Q3'21: 18.4 mEUR), an increase of 4%. Operating Cashflow after changes in working capital amounted to 22.2 mEUR in Q3'22 (Q3'21: 15.5 mEUR), an increase of 43%. The positive cashflow from working capital is driven by an efficient receivables and payables management.
- **The Equity Ratio** increased to 34% modestly as of September 30, 2022 (December 31, 2021: 33%) driven by the capital increase, OCI following the favorable USD ratio and the operational profitability resulting in a positive Net Result during the first three quarters of 2022.
- **Cash and Cash Equivalents** amounted to 118.4 mEUR as of September 30, 2022, compared to 180.2 mEUR as of December 31, 2021. This decrease was primarily due to the last deferred and earn-out consideration related to the KingsIsle acquisition as well as the initial purchase price payments of AxesInMotion and Dataseat.
- **Net Interest-Bearing Debt** as of September 30, 2022, amounted to 307.5 mEUR (December 31, 2021: 198.6 mEUR). The increase is primarily driven by the cash outs described under the section Cash and Cash Equivalents.
- **The Leverage Ratio** amounted to 3.6x as of September 30, 2022 (2.8x as per December 31, 2021). At the end of Q3 2022, this ratio includes five months of AxesInMotion EBITDA as well as three months of Dataseat EBITDA and is therefore overstated. Mid-term, the Company intends to de-lever to below 3.0x.
- **Interest Coverage Ratio** was 4.0x as of September 30, 2022, compared to 4.6x as of December 31, 2021, and was reduced due an increase in interest payments following several bond issues and the increased 3M Euribor rates. However, similarly to the leverage ratio, the interest coverage ratio only includes five months of AxesInMotion and only three months of Dataseat EBITDA understating the Company's interest coverage capabilities.

## INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

- **Capitalized Own Work** in the third quarter 2022 amounted to 7.6 mEUR (Q3 2021: 5.5 mEUR) and included investments in the optimization and further development of the IT platforms on both the demand- and supply-side. This also included investments in sequels and substantial updates to the first-party games content. Capitalized Own Work as a percentage of net revenues remained stable (9% in Q3 2022 vs 9% in Q3 2021).
- **Depreciation and Amortization** in the third quarter of 2022 amounted to 8.1 mEUR (Q3 2021: 7.6 mEUR) and increased primarily due to additional PPA depreciation and amortization driven by the acquisitions of Smaato, AxesInMotion and Dataseat that added substantially to the Group's asset base. Accordingly, the Group's intangible assets increased from 605.7 mEUR on December 31, 2021 to 850.5 mEUR on September 30, 2022. The Group's liabilities increased to 727.9 mEUR on September 30, 2022 compared to 626.6 mEUR on December 31, 2021 as a result of the increased operations, several bond issues as well as M&A activities of the Group.





# BUSINESS UPDATE

## VERVE GROUP SHOWS PRESENCE AT RELEVANT EVENTS IN THE INDUSTRY

In Q3 2022, there were a number of relevant industry events: MGI, via its media brand Verve, had speakers at Gamesforum Berlin (one of the world's most recognized conferences for game publishers), Mobidictum (a renowned event for game publishers in Turkey), as well as IAB Europe's Trust and Transparency series. At the latter, two senior product leaders talked about Verve Group's approach to going further on transparency. Additionally, Verve Group sponsored a well-attended golf outing for DIGIDAY's Publishing Golf Outing and DIGIDAY's Publisher Summit in Miami.

Verve made its presence known at DMEXCO in Cologne, Germany, the world's most authoritative event for the digital marketing community. While there, Verve put forth an extensive booth presence, held more than 150 meetings related to new business and a Masterclass session with Getty Images about how moments-based marketing can blend with contextual targeting to create non-technological alternatives to cookies. Verve Group has already chosen to expand its reach and offering for DMEXCO in 2023.

## ADDING NEW SOFTWARE CLIENTS

In Q3 2022, MGI's Verve Group added several Games publishers to its roster, amplifying the synergetic potential that exists with the Games industry. Among the launches were Rovio Entertainment, Big Cake Group, Talefun, TripleDot, Random Logic Games, Softbaked Apps and Adaric Music.

Non-Games publishers joining Verve include Pluto TV for CTV, who had been collaborating with Verve on local campaigns; the rapidly growing streaming service is now approved for US nationwide CTV campaigns as well. Other Software Clients include publishers include SmartNews, OLX Indonesia, OfferUp, Tumblr, and Snow Corporation. On the advertiser and demand side, Verve also added numerous new customers including The MediaGrid, Knorex, Showsheroes, Madopi Media, Flymobi or Mapendo.

## FRACTURED ONLINE AVAILABLE ON STEAM EARLY ACCESS

gamigo and Dynamight Studios announced the Steam Early Access launch for the first truly dynamic, isometric open-world MMORPG, Fractured Online. The launch not only made the game available on a popular PC game distribution platform, but it also introduced the new Wildfolk race along with their planet Arboreus. In addition to the inclusion of a new planet and race, the Steam Early Access launch marked another major milestone: Seasons. Members of a guild are now able to fulfill certain in-game actions to receive Season Points for their group.

The communication activities around the game continued with new Feature Spotlights, the introduction of a Dev Talk video series with the developer explaining different in-game systems to the audience (for example cities and conquests), a Free Weekend for interested players to check out the game at no cost and a special "Monster's Pandemonium" community event to celebrate the end of Fractured Online's Closed Beta. The third quarter also saw the release of the official song and music video for Fractured Online titled "The Sacrifice" by Grammy-winning composer Alex Geringas (The Boys, Ice Age: Collision Course, "Dark Side" - Kelly Clarkson) and famous singer, voice actor, streamer, and YouTuber Lara "Loft" Trautmann (Cyberpunk 2077, Rise of the Tomb Raider, Overwatch).

## FANTASY TOWN IS NOW AVAILABLE ON IOS AND ANDROID

In July, MGI's gamigo announced that its new mobile farming simulation game – Fantasy Town – is now available on Android and iOS. In addition to its farming simulation game mechanics, Fantasy Town now furthermore features a mixture of RPG, adventure, and exploration. Players will need to fight troublesome Trolls, level up their townsfolk to be more effective warriors or crafters, expand their town boundaries, explore new and exciting dungeons in search of rare resources, and much more. Special events will also be held regularly rewarding players taking part in fun minigames, including puzzles and runners. Two new events were launched with the Summer Festival and the aptly themed Oktoberfest event.



## **WIZARD101 – UPDATES FOR US AND EU VERSIONS**

The Summer update invited North America-based players to gather their friends to create the first ever guilds in Wizard101: Wizards can now set up a guild, move into their guild house and prepare that house for the new Raids feature. Raids are an extension of the Guilds system where large groups of guild members overcome objectives to defeat formidable boss mobs and acquire special badges and other prominent rewards along the way. KingsIsle also took the opportunity to celebrate Wizard101's 14<sup>th</sup> birthday with its players.

Wizard101 EU players were invited to kick off the game's Fourth Story Arc in the vibrant world of Karamelle. This update brought a delicious twist to Wizard101 as players embarked on a thrilling adventure interacting with lively characters and exploring vast sugary locales such as the Gumdrop Forest, Sweetzburg, and the Rock Candy Mountains. Along the way, players uncovered the secrets and mysteries hidden within this seemingly cheery world. The update also increased the level cap to 140, supplies powerful new school spells, and offers new gear and henchmen.

## **OTHER**

Numerous updates and events happened in other gamigo games. Fiesta Online received content updates with the mysterious happenings in the Celestial Mine in Patch "Night Stalkers Hideout" and the challenges of the "Spiral Towers". Strategy game "Desert Operations" launched a new "Legacy" server which offered the biggest challenge ever to its players.



# CORPORATE EVENTS

## **MEDIA AND GAMES INVEST PROMOTE AD-TECH VETERANS IONUT CIOBOTARU AND SAMEER SONDHI TO C-LEVEL MANAGERS**

MGI announced Ionut Ciobotaru will be promoted to Chief Product Officer (CPO) and Sameer Sondhi as Chief Revenue Officer (CRO).

Ionut joined MGI in 2019 and Sameer in 2020; both have long term experience in the digital advertising market. Ionut and Sameer will hold these roles in addition to serving in their current roles as Co-CEOs of MGI's ad-tech arm, Verve Group, and together, they have been responsible for the growth of Verve Group's highly successful programmatic advertising business. Their promotions within MGI reflect its gradual development into an ad software platform.

Apart from their respective CPO and CRO roles, as Co-CEOs, Ionut and Sameer will also further be responsible for the management of MGI's ad software platform. Ionut's focus as CPO will be on product innovation and building competitive advantages for MGI, including developing and improving innovative privacy-first advertising solutions, such as ATOM, Moments A.I. and Hybrid Cloud. Sameer's focus as CRO will be on MGI's B2B revenue generation, further developing the Company's advertiser and publisher sales activities, as well as being responsible for running MGI's media business.

## **ACQUISITION OF DATASEAT**

On July 5, 2022, MGI acquired Datasat, an innovative mobile demand-side platform specialized in contextual user acquisition from London. Datasat is specifically focused on supporting mid-to-large-sized gaming companies by using contextual signals, without any reliance on device IDs or other user profiling. Datasat gives advertisers full control, transparency, and adaptability over their campaigns in a world where identifiers such as IDFA are deprecated. Datasat relies on artificial intelligence to optimize campaigns by fully using contextual signals, eliminating the need for a third-party identifier. Founded in 2018, Datasat with a small team of 25 employees is a DSP start-up and has unique bidding algorithms based on their customers' first-party data, that already has shown strong organic growth.

## **ANNUAL GENERAL MEETING 2022**

On September 15, 2022 MGI held its Annual General Meeting - 2022 (AGM).

A precondition for publishing the AGM Notice and Agenda and announcing the AGM – 2022 date, was the review and publishing of the Transfer Report and Transfer Proposal (the Transfer Documents), which provide the necessary details in relation to the relocation of the Company to Sweden, by the Malta Business Registry (MBR). The Notice and Agenda included further agenda points for the AGM, relating to the relocation of MGI to Sweden, amongst other matters. A prerequisite to the shareholders voting on the transfer of the registered office of MGI at the AGM, was that the Transfer Documents prepared by the Company, had been approved and published by the MBR at least 60 days prior to the AGM. The Transfer Documents were published by the MBR on its website on July 8, 2022.

The Notice & Agenda, Transfer Documents, Minutes and all other relevant documents for the AGM, can be accessed on MGI's website at <https://mgi-se.com/annual-general-meeting-2022/>.





## **NOTICE AND AGENDA OF AN EXTRAORDINARY GENERAL MEETING**

On September 15, 2022 MGI gave notice to all members of MGI that an Extraordinary General Meeting of the Company shall be held on November 1, 2022 at 10:00 (CET) at 168, St Christopher Street, Valletta, VLT 1467, Malta.

The reason for the EGM is the resubmission of the extraordinary items that were already submitted to the AGM. Since the resolutions at the AGM were passed by members holding at least 75% of the nominal value of the shares represented and entitled to vote at the meeting, but not by members holding at least 51% of the nominal value of all outstanding shares entitled to vote, the resolutions were not approved. In this case, the Articles of Association of the Company provide that such resolutions shall be submitted to the shareholders for vote at a second meeting at which only one of the two required majorities, must be achieved. Furthermore, the EGM will resolve three ordinary resolutions.

All relevant documents for the EGM, can be accessed on MGI's website at <https://mgi-se.com/egm-2022/>.

## **MEDIA AND GAMES INVEST PUBLISHES BOND PROSPECTUS AND APPLIES FOR LISTING OF BONDS ON NASDAQ STOCKHOLM**

On 21 June 2022, MGI issued bonds of EUR 175,000,000 under a Senior Secured Callable bond framework of maximum EUR 300,000,000 following a book building process to qualified investors. The tenor of the Bonds is four years and carries a floating interest rate of EURIBOR 3M + 6.25 per cent per annum and matures on 21 June 2026.

MGI listed the Bonds on the Corporate Bond List on Nasdaq Stockholm (regulated market) and, in connection with the listing, prepared a prospectus that approved by the Swedish Financial Supervisory Authority (the "SFSA") in accordance with the Prospectus Regulation. The prospectus was subsequently published by the Company.



# SUSTAINABILITY UPDATE

MGI has the strong believe that business is not just about products or numbers but that MGI as a company needs to be aware of its actions and take initiative in terms of sustainability. As a company, MGI wants to grow long-term and this can only be achieved if the Company grows sustainably. Acting sustainably and running a successful business is a continuous process and should run-hand-in hand. MGI is committed to fulfill its role towards a more sustainable world. MGI has developed five sustainability priorities: “Diversity and fair play in our products and services”, “Providing data protection and security “, “A great team and an inspiring workplace “, “Working towards a greener future” and “Corporate Governance”. In quarterly reports, MGI frequently gives its stakeholders short updates about recent events during the quarter while the sustainability report, which is published alongside the annual report, gives a more comprehensive view of the whole year.

## **DELOITTE SWEDEN PROPOSED AS NEW AUDITOR FOLLOWING RELOCATION**

In August, MGI’s nomination committee consisting of Hermann Dambach (Oaktree Capital Management), Eric Billings (Billings Capital Management), Dr. Gabriel Recnik (Bodhivas GmbH) and Tobias M. Weitzel (Board of Directors), decided to propose the appointment of Deloitte Sweden as the new auditor of MGI by the next Extraordinary General Meeting.

## **IMPORTANT STRATEGIC COURSE SETTING OF GOVERNANCE RELATED TOPICS AT THE AGM**

At MGI’s Annual General Meeting, relevant governance-related, course setting initiatives were approved by the votes present. Those include among others the resolution on the number of members of the Board of Directors as well as the election of the Board of Directors and the Chairman of the Board of Directors. With the approval of two resolutions, the Board of Directors has been extended from four to six members (three female and three male members), increasing the gender diversity as well as the knowledge and cultural diversity of the Board of Directors. CEO Remco Westermann and current Board Members Tobias M. Weitzel and Elizabeth Para were reelected for the following period and three new board members (Franca Ruhwedel, Johan Roslund and Mary Ann Halford) were elected as proposed by the nomination committee. Additionally, as per the proposal by the nomination committee, the role of CEO and Chairman of the Board was separated, electing Tobias M. Weitzel as new Chairman of the Board.

## **REVISED EMPLOYEE TRAINING PLAN FOR MGI**

After introducing a new learning & development policy across the Group in 2021, we have revised our learning & development policy during the first half of the year. The program was extended, the terms and conditions revised and new training ideas and suggestions were incorporated.

# GUIDANCE FOR FINANCIAL YEAR 2022

On February 28, 2022 Media and Games Invest SE published its guidance for the financial year 2022:

	FY 2021 (A)	Guidance 2022
<b>Revenue (in €m)</b>	<b>252</b>	<b>290 - 310<sup>1</sup></b>
Growth	80%	15 - 23%
<b>Adj. EBITDA (in €m)</b>	<b>71</b>	<b>80 - 90</b>
Growth	143%	13 - 27%

On April 28, 2022 Media and Games Invest SE published its first updated guidance for the financial year 2022 taking into consideration the acquisition of AxesInMotion:

	FY 2021 (A)	Updated Guidance 2022
<b>Revenue (in €m)</b>	<b>252</b>	<b>295 - 315<sup>1</sup></b>
Growth	80%	17 - 25%
<b>Adj. EBITDA (in €m)</b>	<b>71</b>	<b>83 - 93</b>
Growth	143%	17 - 31%

On November 15, 2022 Media and Games Invest SE published its second updated guidance for the financial year 2022 taking into consideration the revenue and EBITDA performance of the first nine months of 2022:

	FY 2021 (A)	2nd Updated Guidance 2022
<b>Revenue (in €m)</b>	<b>252</b>	<b>315-325<sup>1</sup></b>
Growth	80%	25 - 29%
<b>Adj. EBITDA (in €m)</b>	<b>71</b>	<b>83 - 93</b>
Growth	143%	17 - 31%

Note: (1) takes into account the discontinuance of MGI's affiliate and influencer marketing business with a negative revenue impact of c. EUR 20 million.





## EVENTS AFTER SEPTEMBER 30, 2022

### **MGI RESOLVES TO RELOCATE THE COMPANY'S REGISTERED OFFICE FROM MALTA TO SWEDEN AND TO APPOINT DELOITTE SWEDEN AS NEW AUDITOR AT EXTRAORDINARY GENERAL MEETING**

On November 1, 2022 MGI held an Extraordinary General Meeting (EGM). The EGM resolved, among others, the relocation of the Company's registered office from Malta to Sweden as well as to appoint Deloitte Sweden as new auditor effective from the date the Company's registration as a Swedish company. For further details on the topic please also see above related information in the Corporate Events as well as in the Sustainability Update.

**CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP**  
(unaudited)

in kEUR	Notes	Q3 2022	Q3 2021	Q1-Q3 '22	Q1-Q3 '21	FY 2021
<b>Revenues</b>						
Net revenues	9	87,618	62,915	231,548	171,960	252,166
Own work capitalized		7,634	5,531	20,767	16,092	22,851
Other operating income		5,699	2,903	17,381	5,960	8,626
<b>Total Income</b>		<b>100,952</b>	<b>71,350</b>	<b>269,696</b>	<b>194,012</b>	<b>283,643</b>
<b>Operating Expenses</b>						
Services purchased & other operating expenses	10	-59,960	-39,902	-157,000	-109,128	-162,623
Personnel expenses	11	-19,620	-13,937	-54,413	-40,743	-55,978
<b>Total operating expenses</b>		<b>-79,580</b>	<b>-53,840</b>	<b>-211,413</b>	<b>-149,871</b>	<b>-218,601</b>
<b>EBITDA</b>						
Depreciation and amortization	12	-8,107	-7,553	-23,270	-20,999	-28,238
Thereof: PPA Amortization		-3,625	-3,468	-10,084	-8,616	-11,964
<b>EBIT</b>		<b>13,265</b>	<b>9,957</b>	<b>35,013</b>	<b>23,142</b>	<b>36,804</b>
Financial result		-8,817	-6,406	-23,182	-13,105	-21,919
<b>EBT</b>		<b>4,448</b>	<b>3,551</b>	<b>11,831</b>	<b>10,037</b>	<b>14,886</b>
Income Taxes		-1,338	-541	-3,149	-1,381	1,169
<b>Net Result</b>		<b>3,109</b>	<b>3,010</b>	<b>8,683</b>	<b>8,656</b>	<b>16,055</b>
of which attributable to non-controlling interest		-70	-6	-83	-2	-7
<b>of which attributable to shareholders of the parent company</b>		<b>3,179</b>	<b>3,016</b>	<b>8,766</b>	<b>8,659</b>	<b>16,061</b>
Add-back of PPA-Amortization		3,625	3,468	10,084	8,616	11,964
<b>Adj. Net Result</b>		<b>6,734</b>	<b>6,478</b>	<b>18,767</b>	<b>17,272</b>	<b>28,019</b>
<b>Earnings per share</b>						
Undiluted		<b>0.02</b>	<b>0.02</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>
Diluted		<b>0.02</b>	<b>0.02</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>
Undiluted (adjusted)		<b>0.04</b>	<b>0.04</b>	<b>0.12</b>	<b>0.12</b>	<b>0.20</b>
Diluted (adjusted)		<b>0.04</b>	<b>0.04</b>	<b>0.12</b>	<b>0.12</b>	<b>0.20</b>
<b>Average number of shares</b>						
Undiluted		<b>159,249</b>	<b>139,027</b>	<b>155,148</b>	<b>139,027</b>	<b>141,712</b>
Diluted		<b>159,249</b>	<b>139,027</b>	<b>155,148</b>	<b>139,027</b>	<b>141,712</b>

Note: numbers may not add up due to rounding

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MGI GROUP**  
(unaudited)

in kEUR	Q3 2022	Q3 2021	Q1-Q3 '22	Q1-Q3 '21	FY 2021
<b>Consolidated profit</b>	<b>3,109</b>	<b>3,010</b>	<b>8,683</b>	<b>8,656</b>	<b>16,055</b>
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>					
Exchange differences on translating foreign operations	21,827	1,706	47,625	2,695	7,322
Gain / Loss of financial assets	-1,111	0	-14,558	0	-2,141
<b>Other comprehensive income, net of income tax</b>	<b>20,716</b>	<b>1,706</b>	<b>33,067</b>	<b>2,695</b>	<b>5,181</b>
<b>Total comprehensive income</b>	<b>23,826</b>	<b>4,717</b>	<b>41,750</b>	<b>11,351</b>	<b>21,236</b>
<i>Attributable to:</i>					
<b>Owners of the Company</b>	<b>23,895</b>	<b>4,723</b>	<b>41,833</b>	<b>11,354</b>	<b>21,242</b>
<b>Non-controlling interests</b>	<b>-70</b>	<b>-6</b>	<b>-83</b>	<b>-2</b>	<b>-7</b>

*Note: numbers may not add up due to rounding*



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, MGI GROUP**  
(unaudited)

<b>in kEUR</b>	<b>Note</b>	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>
Intangible assets	4, 5	850,462	605,746
Property, plant and equipment		7,760	4,681
Financial assets and other assets		20,547	40,068
<b>Long-term assets</b>		<b>878,769</b>	<b>650,495</b>
Trade and other receivables		106,617	103,442
Cash and cash equivalents		118,422	180,156
<b>Short-term assets</b>		<b>225,039</b>	<b>283,598</b>
<b>Total assets</b>		<b>1,103,808</b>	<b>934,093</b>
Equity attributable to shareholders of the parent company	8	377,284	307,434
Non-controlling interest		-1,338	59
<b>Total Equity</b>		<b>375,946</b>	<b>307,493</b>
<b>Long-term liabilities</b>	6	<b>507,127</b>	<b>383,168</b>
<b>Short-term liabilities</b>	7	<b>220,734</b>	<b>243,432</b>
<b>Total liabilities and equity</b>		<b>1,103,808</b>	<b>934,093</b>

*Note: numbers may not add up due to rounding*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, MGI GROUP**  
(unaudited)

	Common stock		Share Premium	Capital reserves	Retained earnings incl. Profit of the year	Amounts recognised directly in equity	Shareholders' equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Shares thousands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
<b>Balance at 1 January 2021</b>	<b>117,074</b>	<b>117,074</b>	<b>7,839</b>	<b>49,466</b>	<b>5,617</b>	<b>-3,211</b>	<b>176,785</b>	<b>60</b>	<b>176,845</b>
Consolidated profit					8,659		8,659	2	8,661
Other comprehensive income						2,695	2,695		2,695
<b>Total comprehensive income</b>					<b>8,659</b>	<b>2,695</b>	<b>11,354</b>	<b>2</b>	<b>11,356</b>
Capital increases	32,606	32,606	76,732				109,338		109,338
Other Equity reserves regarding IFRS 2				2,960			2,960		2,960
<b>Balance at 30 September 2021</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>52,426</b>	<b>14,276</b>	<b>-516</b>	<b>300,436</b>	<b>62</b>	<b>300,499</b>
<b>Balance at 1 October 2021</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>52,426</b>	<b>14,276</b>	<b>-516</b>	<b>300,436</b>	<b>62</b>	<b>300,499</b>
Consolidated profit					7,402		7,402	-3	7,399
Other comprehensive income						2,486	2,486		2,486
<b>Total comprehensive income</b>					<b>7,402</b>	<b>2,486</b>	<b>9,888</b>	<b>-3</b>	<b>9,885</b>
Other Equity reserves regarding IFRS 2				715			715		715
Other Equity reserves						-3,607	-3,607		-3,607
<b>Balance at 31 December 2021</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>53,141</b>	<b>21,679</b>	<b>-1,637</b>	<b>307,433</b>	<b>59</b>	<b>307,493</b>
<b>Balance at 1 January 2022</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>53,141</b>	<b>21,679</b>	<b>-1,637</b>	<b>307,433</b>	<b>59</b>	<b>307,493</b>
Consolidated profit					8,766		8,766	-83	8,683
Other comprehensive income						33,067	33,067		33,067
<b>Total comprehensive income</b>					<b>8,766</b>	<b>33,067</b>	<b>41,833</b>	<b>-83</b>	<b>41,750</b>
Capital increases	9,569	9,569	18,947				28,516		28,516
Addition of non-controlling interests due to acquisition of projects								-1,314	-1,314
Other Equity reserves regarding IFRS 2				71			71		71
Other Reserves from Hedging Instruments						-571	-571		-571
<b>Balance at 30 September 2022</b>	<b>159,250</b>	<b>159,250</b>	<b>103,518</b>	<b>53,213</b>	<b>30,445</b>	<b>30,860</b>	<b>377,283</b>	<b>-1,338</b>	<b>375,946</b>

Note: numbers may not add up due to rounding.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP

(unaudited)

in kEUR	Notes	Q3 2022	Q3 2021	Q1-Q3 '22	Q1-Q3 '21	FY 2021
<b>Cash flow from operating activities (before change in WC)</b>		<b>19,190</b>	<b>18,430</b>	<b>53,498</b>	<b>45,435</b>	<b>70,556</b>
Change in working capital		2,984	-2,905	6,320	-11,460	-5,714
<b>Cash flow from operating activities</b>		<b>22,174</b>	<b>15,526</b>	<b>59,817</b>	<b>33,975</b>	<b>64,842</b>
<b>Cash flow from investing activities</b>		<b>-25,507</b>	<b>-138,250</b>	<b>-174,940</b>	<b>-237,969</b>	<b>-295,634</b>
<b>Cash flow from financing activities</b>		<b>-3,641</b>	<b>75,163</b>	<b>53,389</b>	<b>356,275</b>	<b>364,694</b>
<b>Cash flow for the period</b>		<b>-6,974</b>	<b>-47,562</b>	<b>-61,734</b>	<b>152,281</b>	<b>133,902</b>
Cash and cash equivalents at the beginning of the period		125,396	246,096	180,156	46,254	46,254
<b>Cash and cash equivalents at the end of the period</b>		<b>118,422</b>	<b>198,535</b>	<b>118,422</b>	<b>198,535</b>	<b>180,156</b>

Note: numbers may not add up due to rounding.

# SELECTED EXPLANATORY NOTES (UNAUDITED)

## NOTE 1 BASIS OF PREPARATION

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and as set out in the Company's annual financial statements in respect of the year ended December 31, 2021 except as noted. The financial information does not include all the information and disclosures required in the annual financial statements.

The consolidation scope of the unaudited condensed consolidated financial statements as of September 30, 2022 changed compared to the audited consolidated financial statements as of December 31, 2021, for the following transactions and entities:

- Q2 2022: Incorporation of Gamigo Spain Holding S.L. and the subsequent acquisition of AxesInMotion S.L.
- Q2 2022: Acquisition of additional 12% of PT Portal Bursa Digital, a subsidiary of Smaato Inc. shareholdings increase from 38% to 50%.
- Q2 2022: Incorporation of MGI Corporate GmbH, as service entity for the MGI Group.
- Q2 2022: Merger of Vene International GmbH, MHF Media GmbH, Lorena Medienagentur GmbH to ME Digital GmbH for reducing complexity in the Group structure.
- Q2 2022: Liquidation of Platform 161 Nordics AB and Clickdistrict Spain S.L. for reducing complexity and being more cost efficient. Business moved to Verve DSP B.V.
- Q3 2022: Acquisition of Dataseat Ltd. via Verve Holding GmbH.
- Q3 2022: Merger of Reachhero GmbH into Verve Holding GmbH for reducing complexity and being more cost efficient.
- Q3 2022: Incorporation of the Verve Ad Solutions GmbH.
- Q3 2022: Merger of Aeria Games GmbH into the Gamigo Publishing GmbH for reducing complexity and being more cost efficient. Business moved to Gamigo Publishing GmbH.
- Q3 2022: Intra-group sale of Just Digital GmbH and Gamigo Portals GmbH.

## NOTE 2 ACQUISITION OF BUSINESSES

### Acquisition of AxesInMotion S.L.

For further information please refer to the Half Year Report Q2 2022

### Acquisition of Dataseat Ltd.

On July 05, 2022, MGI acquired Dataseat Ltd. (Dataseat) a young U.K.-based company. Dataseat is an innovative, technically advanced, and fast-growing mobile DSP specialized in future-proof user acquisition using contextual signals instead of using device IDs. Dataseat provides mobile app developers and game publishers with the possibility to efficiently reach new audiences in a privacy first way. The parties have agreed to a cash and debt free fixed purchase price of GBP 15.9 million, plus up to GBP 19.7 million that may be paid to the sellers as earn-out payments, depending on revenue and EBITDA performance compared to the business plan until the end of 2024. GBP 9.4 million of the cash and debt free fixed purchase price was paid in cash at closing. GBP 6.5 million will be paid as a deferred component in cash or MGI shares.

For the purchase price allocation MGI engaged EY (Ernst & Young GmbH) for preparing an independent purchase price allocation report for identifying acquired tangible and intangible assets and liabilities of Dataseat. The share deal of Dataseat is a business combination within the meaning of IFRS 3 Business Combinations. They provided estimates of fair value for those assets and liabilities, as defined below, as of valuation date July 1, 2022. A business plan was used by the management to derive the purchase price offer and was shared with EY for the purchase price allocation (PPA). The report differentiates between intangible assets and property, plant and equipment. As intangible assets were identified and valued: the Platform which amounted to kGBP 1,538, customer relationships with an amount of kGBP 1,157 and other intangibles with an amount of kGBP 23,854.

The amounts stated for the identifiable assets acquired and liabilities assumed are shown in the following table:

in k GBP	
Identifiable intangible assets	26.549
Property, plant and equipment	23
Current assets	3.412
Current liabilities and provisions	-3.020
Deferred tax liabilities	-512
<b>Total identifiable net assets at fair value</b>	<b>26.452</b>
Total consideration	



Fulfilled by:	
Consideration transferred including loans	26.452
Cash at bank – received	-974
<b>Total consideration transferred</b>	<b>25.478</b>

In accordance with IFRS 3 Business Combinations, an acquiring entity shall allocate the cost of the acquired assets and assumed liabilities based on their fair values of all assets and liabilities as of acquisition date. If the consideration transferred is higher than the fair value of net assets acquired, this difference is accounted for as goodwill. Goodwill recognized from the acquisition of Dataseat amounted to kGBP 23,854. The trade receivables and received cash have a book value of kGBP 3,169. The purchase price of Dataseat was kGBP 26,452 whereof kGBP 9,881 of the consideration transferred contains the fair value of the earn-out agreements as at the valuation date. The deferred fixed and earn-out consideration can be paid in shares or cash at the sole discretion of MGI.

## NOTE 3 SEGMENT INFORMATION

### a) Products and services from which reportable segments derive their revenues

Under IFRS 8, on the basis of the internal reporting, operating segments are to be defined across group divisions that are subject to a regular review by the Chief Operating Decision Maker of the Company with respect to decisions on the allocation of resources to these segments and the assessment of segment performance. Information reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance is focused on the two segments of Demand Side Platform (DSP) and Supply Side Platform (SSP). Following the transformation from a games company towards an Advertising Software Platform with strong access to first party data from own games the segment reporting has been changed to reflect the new structure of the Company. The Demand Side Platforms which were based within the Media Segment have been moved into the new DSP Segment while the Supply Side Platforms as well as the own games content which is integrated into the Supply Side Platforms create since January 1, 2022 the SSP Segment.

### Description of the advertising value chain and segment reporting

In the digital advertising market, with its rapid pace of innovation, there exist many players and roles. Within the programmatic advertising industry there are currently two key categories:

- Demand Side Platforms (DSP):** Which bundle the demand from advertisers and agencies for new users within the Demand Side Platform.
- Supply Side Platforms (SSP):** Which bundle integrations with first- and third-party publishers that are integrated within Supply Side Platforms (SSP) to monetize the advertising space in their content.

Starting from the advertiser's point of view, the first station in the online advertising services industry is, depending on the degree of outsourcing needs, an agency or trade desk. The services of an agency comprise creating, planning and execution of advertising campaigns. Large advertising agencies such as WPP offer a full-service package, allowing an advertiser to completely outsource advertising-related activities.

The next step in the value chain and a necessary function in programmatic advertising is a Demand Side Platform (DSP). A DSP bundles the demand of advertising buyers and enriches it with specific data to be able to match the advertising content most efficiently with advertising inventory. An example of a DSP is the company the Trade Desk, or within MGI, Verve DSP.

The counterpart of a DSP is a Supply Side Platform (SSP). An SSP bundles the supply of advertising space from publishers including specific information about the characteristics of the available advertising inventory. Large networks such as Google or MGI have their own SSPs, but there are also several independent players such as Fyber or PubMatic, who are trying to maximize ad space monetization. An advertising exchange sometimes sits between DSPs and SSPs and acts as a marketplace for both the supply and demand of advertising space. Often, this is an automated process in the form of real time bidding (RTB). However, the focus of DSPs, SSPs and ad-exchanges are somewhat blurred (as is the case of MGI where advertising is sometimes conducted through the Verve DSP, which might connect directly with an SSP), while certain publishers negotiate a campaign and its pricing directly with advertisers.

At the other end of the value chain is the publisher, the owner of a medium or media platform wishing to sell its advertising inventory. At this point, the advertisement reaches its audience. Prominent examples include Zynga, King or Embracer, or in the case of MGI, gamigo, WildTangent and AxesInMotion, which are in charge of MGI's games inventory (i.e. games IP's, audiences, customer purchase data and platforms).

### DSP Segment

MGI's Demand Side Platform enables advertisers to drive user acquisition campaigns across the open internet. Through our self-service, cloud-based platform, advertisers can create, manage and optimize data-driven digital advertising campaigns across all relevant ad formats and channels (including e.g. display, native and video) and devices (mobile, desktop, digital out-of-home and connected TV). Based on our vertical infrastructure approach, our Demand Side Platform is integrated with our Supply Side Platform (SSP) which provides access to major first- and third-party inventory from publishers. Our first-party inventory mainly

relates to advertising space in casual games from various acquisitions carried out since 2012. The combination of owned content and third-party content provides advertisers a global reach and a broad set of audience data which results in very strong targeting capabilities for their user acquisition campaigns.

Our clients on the demand side are primarily large brands from Fortune 500 Companies as well as agencies such as WPP or Mediacom, which manage the budgets of large advertisers. Our Demand Side Platform generates revenue by charging usage-based fees based on a percentage of a client's total spend on advertising. With products like ATOM or Moments.AI, MGI's platform offers value-added services which provide targeting solutions to advertisers in a world without identifiers and cookies.

The DSP segment contains the acquired Demand Side Platforms including Verve DSP (formerly known as Platform161), VGI CTV (formerly known as LKQD), Match2One and Adspree Media, which were allocated previously to the Media Segment.

### **SSP Segment**

MGI's Supply Side Platform helps publishers and its own games studios to monetize their ad inventory / ad spaces while keeping full control over it. Publishers connect to the SSP by integrating our SDKs into their content. Connected to our own Demand Side Platform, as well as third-party Demand Side Partners, we enable marketers to drive return on their ad spend and reach addressable audiences across all relevant ad formats, channels and devices. Our infrastructure approach allows for an efficient processing and utilization of data in real time leading to a superior monetization for publishers by increasing the value of an impression and by providing incremental demand through our own DSP and through our well-established relationships with more than 5,000 advertisers and well over 80 third-party DSPs. Publishers can then sell their ad inventory to advertisers using real-time bidding techniques. Through Verve's powerful data enrichment engine, users of apps are segmented in a privacy-compliant manner. As a result, advertisers who consider the user most valuable based on the segmentation will bid the most for the ad space. In this way, the advertising space can be sold by publishers in the most efficient and profitable way.

Our clients on the supply-side are primarily publishers and app developers that allow us to directly integrate with their apps, maximizing automation and sales efficiency of ad inventory. In addition, the SSP Segment also includes the own games studios which provide first-party data and in-game advertising spaces. A smaller portion of the revenues in this segment is generated directly with consumers from in-game item sales and game subscriptions. The majority of the revenues are generated by usage-based platform fees based on a percentage of a client's total supply revenues.

The SSP segment contains amongst others the acquired Supply Side Platforms including Smaato and Pubnative (previously allocated to the Media Segment) as well as the Games Companies KingsIsle, WildTangent and TrionWorlds (previously allocated to the Games Segment).

### **c) Segment revenues and segment results**

#### **I. Q3 2022**

	<b>DSP</b>	<b>SSP</b>	<b>CONSOLIDATED</b>
in k EUR	Jul-Sep-22	Jul-Sep-22	Jul-Sep-22
<b>Revenues</b>	<b>9,594</b>	<b>78,024</b>	<b>87,618</b>
<b>EBITDA</b>	<b>1,275</b>	<b>20,097</b>	<b>21,372</b>
Depreciation and amortization			-8,107
Financing income			147
Financing expenses			-8,965
<b>Earnings before taxes (EBT)</b>			<b>4,448</b>
Income taxes			-1,338
<b>Net result from continuing operations</b>			<b>3,109</b>

	<b>DSP</b>	<b>SSP</b>	<b>CONSOLIDATED</b>
in k EUR	Jul-Sep-21	Jul-Sep-21	Jul-Sep-21
<b>Revenues</b>	<b>5,093</b>	<b>57,823</b>	<b>62,915</b>
<b>EBITDA</b>	<b>1,190</b>	<b>16,320</b>	<b>17,510</b>
Depreciation and amortization			-7,553
Financing income			141
Financing expenses			-6,547
<b>Earnings before taxes (EBT)</b>			<b>3,551</b>
Income taxes			-541
<b>Net result from continuing operations</b>			<b>3,010</b>

## II. Q1-Q3 2022 (YTD)

	DSP	SSP	CONSOLIDATED
in k EUR	Jan-Sep-22	Jan-Sep-22	Jan-Sep-22
<b>Revenues</b>	<b>21,900</b>	<b>209,648</b>	<b>231,548</b>
<b>EBITDA</b>	<b>2,019</b>	<b>56,264</b>	<b>58,283</b>
Depreciation and amortization			-23,270
Financing income			231
Financing expenses			-23,413
<b>Earnings before taxes (EBT)</b>			<b>11,831</b>
Income taxes			-3,149
<b>Net result from continuing operations</b>			<b>8,683</b>

	DSP	SSP	CONSOLIDATED
in k EUR	Jan-Sep-21	Jan-Sep-21	Jan-Sep-21
<b>Revenues</b>	<b>12,395</b>	<b>159,565</b>	<b>171,960</b>
<b>EBITDA</b>	<b>2,116</b>	<b>42,025</b>	<b>44,141</b>
Depreciation and amortization			-20,999
Financing income			918
Financing expenses			-14,023
<b>Earnings before taxes (EBT)</b>			<b>10,037</b>
Income taxes			-1,381
<b>Net result from continuing operations</b>			<b>8,656</b>

The Company does not use geographical information for purposes of internal controlling nor for management reports. A separate collection of such data would result in disproportional costs.

Due to the structure of customers in the DSP and SSP segment, there are no customers that constitute a proportion of more than 10 percent of the Company's revenues. The customers of both segment in general are characterized by a large number of Fortune 500 customers. There are no customers that are responsible for more than 10 percent of the Company's revenues.

The accounting policies of the reportable segments correspond to the Company's accounting policies described above. The segment result represents the result that each segment generates with allocation of the share of the central administrative costs including the remuneration of the Governing Board. The segment results are reported to the Company's Chief Operating Decision Maker for the purpose of resource allocation to the segments and the assessment of segment performance.

### c) Segment assets

in k EUR	30-Sep-22	31-Dec-21
<b>DSP</b>	86.164	45.684
<b>SSP</b>	1.017.643	888.409
Total	1.103.808	934.093

For the purpose of monitoring segment performance and allocating resources to segments, the Company's Chief Operating Decision Maker monitors the tangible, intangible and financial assets attributable to the individual segments. All assets including goodwill are allocated to the reportable segments.

## NOTE 4 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill in Q3 2022 is mainly related to the acquisition of Dataseat as well as by positive USD FX effects for the Group's U.S. entities. Other Intangible Assets includes acquired intangible assets from business combination, self-developed intangible assets, IPs, licenses and advanced payments on licenses due to acquisitions and the in-house development of the games and AdTech platforms.

	30-Sep-22	31-Dec-21
Goodwill	612,265	411,992
Other Intangibles	238,197	193,754

## NOTE 5 DISPOSALS

There were no material sales or disposals in Q3 2022.

## NOTE 6 LONG-TERM LIABILITIES

As of September 30, 2022, the long-term liabilities of MGI increased by k EUR 123,959 to k EUR 507,127 (December 31, 2021: k EUR 383,168) based on the further bond issue as well as on the earn-out liabilities related to the AxesInMotion and Dataseat Acquisition.

## NOTE 7 SHORT-TERM LIABILITIES

The short-term liabilities of MGI decreased by k EUR 22,698 on September 30, 2022 to k EUR 220,734 compared to k EUR 243,432 on December 31, 2021, mainly affected by the final KingsIsle earn-out and fixed deferred purchase price payments.

## NOTE 8 SHAREHOLDERS' EQUITY

As of September 30, 2022, the total shareholders' equity increased to k EUR 375,946 (December 31, 2021: k EUR 307,493) driven by the capital increase performed in May 2022, OCI as well as by positive Net Result. The subscribed capital of MGI increased by k EUR 9,569 to k EUR 159,249 (December 31, 2021: k EUR 149,680) by September 30, 2022.

No dividends were paid in Q1-Q3 2022.

## NOTE 9 NET REVENUES

MGI achieved in Q3 2022 a net revenue of k EUR 87,618 (Q3 2021: k EUR 62,915). The increase of k EUR 24,703 was due to organic growth as well as the additional revenues stemming from M&A of Match2One, AxesInMotion and Dataseat.

## NOTE 10 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q3 2022, MGI disclosed services purchased and other operating expenses of k EUR 59,960 (Q3 2021: k EUR 39,902). The increase of k EUR 20,058 is a result of the increased operations of the Company due to organic and M&A driven revenue growth.

## NOTE 11 PERSONNEL EXPENSES

In Q3 2022, the personnel expenses increased by k EUR 5,683 to k EUR 19,620 (Q3 2021: k EUR 13,937). This increase is largely driven by the acquired employees of Match2One, AxesInMotion and Dataseat which have not been part of the Company in the same period in the previous year.

## NOTE 12 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q3 2022 to k EUR 8,107 (Q3 2021: k EUR 7,553). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q3 2022, no impairment charges were made on goodwill.



## NOTE 13 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated during consolidation and are not explained in these notes. Details of transactions between the Company and other related parties are given below. In addition to the Management Board, family members close to the Board and, in principle, investments and the shareholders can all be considered relationships to associated companies and persons under IAS 24 Related Party Disclosures.

Remco Westermann is part of the six-member Board of Directors and CEO of the Company and personally holds 90% of the shares and 100% of the voting rights in Sarasvati GmbH, which in turn holds 100% of the shares and voting rights in Bodhivas GmbH, which in turn holds 26.2% of the shares and voting rights in MGI, as of September 30, 2022, as well as kEUR 1,000 bonds with ISIN SE0015194527 and kEUR 1,200 bonds with ISIN SE0018042277. Remco Westermann is a member of the Board of Directors of the Company since May 31, 2018 and is the Managing Director of Bodhivas GmbH, Sarasvati GmbH, Garusadana GmbH, Bodhisattva GmbH, Jarimovas GmbH, and Kittelbach RW Immobilien UG, Düsseldorf. Additionally, Jaap Westermann holds 10% of the shares in Sarasvati GmbH. Hendrika Westermann is the wife of Remco Westermann, Jaap Westermann is the brother of Remco Westermann, Hendrika, Jaap and Remco Westermann are directors of Jarimovas GmbH, Düsseldorf. As of September 30, 2022, the Company has a receivable of kEUR 0 against Bodhivas GmbH (31 December 2021: k EUR 954). In the first half year 2022 Bodhivas GmbH rolled-over kEUR 1,000 Senior Secured Bonds of MGI (ISIN: SE0015194527) maturing in 2024 into the new Senior Secured Bonds of MGI (ISIN: SE0018042277) maturing in 2026 plus acquired kEUR 200 additional Senior Secured Bonds of MGI (ISIN: SE0018042277) with cash.

Tobias M. Weitzel is a member of the Board of Directors of the Company since May 31, 2018. He holds 500,000 phantom stock and 1,209,228 shares in the Company, as of September 30, 2022.

Elizabeth Para is a member of the Board of Directors of the Company since January 31 2020. She holds 500,000 phantom stock and 1,505,716 shares in the Company as of September 30, 2022.

Antonius Reiner Fromme was a member of the Board of Directors of the Company from April 15, 2021, until September 15, 2022. He does not hold any shares in the Company.

Franca Ruhwedel is a member of the Board of Directors of the Company since September 15, 2022. She holds 4,625 shares in the Company, as of September 30, 2022.

Johan Roslund is a member of the Board of Directors of the Company since September 15, 2022. He holds 4,900 shares in the Company, as of September 30, 2022.

Mary Ann Halford is a member of the Board of Directors of the Company since September 15, 2022. She does not hold any shares in the Company.

## NOTE 14 OTHER DISCLOSURES

There are no new significant litigations or claims in Q3 2022.

## NOTE 15 SHAREHOLDERS<sup>1, 2</sup>

1	Bodhivas GmbH	26.3 %
2	Oaktree Capital Management LLP	14.8 %
3	Sterling Active Fund	3.9 %
4	Janus Henderson Investors	2.9 %
5	Nordnet Pensionsförsäkring	1.1 %
6	Billings Capital Management LLC	1.0 %
7	Elizabeth Para	0.9 %
8	Avanza Pension	0.9 %
9	Finlandia Rahastoyhtiö Oy	0.8 %
10	Tobias Weitzel	0.8 %
11	Didner & Gerge Fonder	0.7 %
12	BlackRock	0.7 %
13	Stena	0.6 %
14	PMG Fonds Management	0.5 %
15	Chelverton Asset Management	0.4 %
16	Crystal Asset Management AG	0.4 %
17	State Street Global Advisors	0.3 %
18	Dory Gevryie	0.3 %
19	Livförsäkringsbolaget Skandia	0.3 %
20	Skandia Fonder	0.3 %

Note (1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear but excluding Clearstream as of September 30, 2022.

Note (2) Clearstream is the settlement and custody agent for all shares traded on the German stock exchanges or not deposited on a Swedish depository. Clearstream does not provide share registers to issuers and therefore the issuer has very limited information about the part of the shareholders who have not deposited their shares on a Swedish depository and are therefore registered in the Euroclear share register. It is also possible that shareholders have deposited a portion of their shares in both Sweden and Germany. In this case, the issuer only has knowledge of the number of shares registered in the Euroclear share register.

## DEFINITIONS OF KEY PERFORMANCE INDICATORS

Net Income	Total income minus operating expenses, depreciation and amortization, financial result, and taxes
Adj. Net Income	Net Income excluding PPA amortization
EBIT	Earnings before interest and taxes
EBIT margin	EBIT as a percentage of net revenues
Adjusted EBIT	EBIT excluding one-time costs and PPA amortization
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA as a percentage of net revenues
Adjusted EBITDA	EBITDA excluding one-time costs
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net revenues
Equity ratio	Equity as a percentage of total assets
Growth in revenues	Net sales for the current period divided by net sales for the corresponding period of the previous year
Leverage Ratio	Net Interest Bearing Debt divided by adj. EBITDA for the past 12 months excluding shareholder and related party loans
Interest Coverage Ratio	Adj. EBITDA divided by net cash financial items for the past 12 months
Organic Revenue Growth	Organic Revenue Growth does include growth calculated on a year-over-year basis from companies being within the Group for twelve months or more. What is excluded is the revenue growth from acquisitions that have not been part of the Group in the last twelve month, and the decline from sales stemming from closures/divestment of businesses.

## PARENT COMPANY

MGI with its headquarters in Valletta, Malta, is the parent company of the Group.

## FINANCIAL CALENDAR

Year End Report Q4 2022	28.02.2023
Interim Report Q1 2023	31.05.2023
Annual Report 2022	30.06.2023
Half Year Report Q2 2023	31.08.2023

## AUDITOR REVIEW

This report has neither been reviewed nor audited by the Company's auditor.

## INVESTOR CONTACT

The latest information on the Company is published on its website [www.mgi.group](http://www.mgi.group). The Company can be contacted by email [info@mgi-se.com](mailto:info@mgi-se.com) or [soeren.barz@mgi-se.com](mailto:soeren.barz@mgi-se.com).

## FOR FURTHER INFORMATION, PLEASE CONTACT:

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## BOARD DECLARATION

In all conscience, we assure, as representative for the Board of Directors of the Company, that the unaudited condensed consolidated financial statements give a true and fair view of the financial position of the Company as at 15 November 2022, and of its financial performance and cash flows for the year then ended, and have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

Malta, November 15, 2022

Board of Directors





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