



**Media and Games  
Invest SE**

# **INTERIM REPORT Q4 2023**

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

**Unaudited**



## INTERIM REPORT Q4 2023

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

*“I am pleased to announce that MGI has delivered 16% organic growth in the fourth quarter of 2023. Now with visibility into February, the growth trend continues into 2024. The first three quarters of 2023 delivered only single digit organic growth due to the challenges posed by the general economic climate. Still, 2023 was a year of significant milestones and gains in market share. MGI is today the market leader in in-app advertising in North America. Over 2023, our number of software clients increased by 19% to 2,276. The number of ad impressions also increased by 14% to 206 billion. Pixelate data shows that we further strengthened our market leading position to 12% on iOS and 12% on Android devices in North America. Currently, 2024 is off to a good start, and we expect our AI investments and the overall market recovery to deliver meaningful double digit revenue growth throughout the remainder of the year”, commented Remco Westermann, CEO of MGI Group.*

## HIGHLIGHTS Q4 2023

- **Net Revenues** amounted to 98.7 mEUR (Q4 2022: 92.9 mEUR), an increase of 6%. The Organic Revenue Growth Rate, adjusted for FX and divestments amounted to 16%. The increase was driven by new Software Clients and product releases as well as signs of the beginning of a recovery in the advertising market.
- **Adj. EBITDA** amounted to 31.7 mEUR (Q4 2022: 31.5 mEUR), an increase of 1%. The solid performance was largely driven by reduced personnel expenses. EBITDA adjustments were primarily made for one-time audit and accounting advisory fees, restructuring expenses and non-cash expenses for the ESOP program (see table EBITDA adjustments).
- **Adj. EBIT** amounted to 26.8 mEUR (Q4 2022: 28.1 mEUR), a decrease of -5% driven by an increase in software development related amortization expenses.
- **Adj. Net Result** amounted to 7.5 mEUR (Q4 2022: 2.3 mEUR), an increase of 225% driven primarily by reduced financial expenses as well as taxes.
- **Earnings Per Share (EPS)** amounted to EUR 0.03 undiluted / diluted (Q4 2022: EUR -0.18 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.05 undiluted / EUR 0.04 diluted (Q4 2022: EUR 0.01 undiluted / diluted).

### SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

| In mEUR                  | Q4 2023     | Q4 2022     | FY 2023      | FY 2022      |
|--------------------------|-------------|-------------|--------------|--------------|
| <b>Net Revenues</b>      | <b>98.7</b> | <b>92.9</b> | <b>322.0</b> | <b>324.4</b> |
| Y-o-Y Growth in Revenues | 6%          | 16%         | -1%          | 29%          |
| <b>EBITDA</b>            | <b>27.3</b> | <b>26.5</b> | <b>128.5</b> | <b>84.8</b>  |
| EBITDA Margin            | 28%         | 28%         | 40%          | 26%          |
| <b>Adj. EBITDA</b>       | <b>31.7</b> | <b>31.5</b> | <b>95.2</b>  | <b>93.2</b>  |
| Adj. EBITDA Margin       | 32%         | 34%         | 30%          | 29%          |
| <b>Adj. EBIT</b>         | <b>26.8</b> | <b>28.1</b> | <b>76.9</b>  | <b>76.6</b>  |
| Adj. EBIT Margin         | 27%         | 30%         | 24%          | 24%          |
| <b>Adj. Net Result</b>   | <b>7.5</b>  | <b>2.3</b>  | <b>57.4</b>  | <b>21.1</b>  |
| Adj. Net Result Margin   | 8%          | 2%          | 18%          | 6%           |



## HIGHLIGHTS FULL-YEAR 2023

- **Net Revenues** amounted to 322.0 mEUR (FY 2022: 324.4mEUR), a decrease of -1%. The Organic Revenue Growth, adjusted for FX and divestments amounted to 5%.
- **Adj. EBITDA** amounted to 95.2 mEUR (FY 2022: 93.2mEUR), an increase of 2%.
- **EBITDA Adjustments** amounted to -33.3 mEUR and were primarily made for the AxesInMotion earn-out release, post-M&A legal and advisory costs, as well as restructuring expenses following the announced cost saving plan (see table EBITDA adjustments).
- **Adj. EBIT** amounted to 76.9 mEUR (FY 2022: 76.6mEUR).
- **Adj. Net Result** amounted to 57.4 mEUR (FY 2022: 21.1 mEUR), an increase of 172.5% largely driven by the release of the AxesInMotion earn-out as well as reduced tax expenses.
- **Net Interest-Bearing Debt** as of December 31, 2023, amounted to 294.9 mEUR (December 31, 2022: 273.9 mEUR).
- **Leverage Ratio** amounted to 3.1x as of December 31, 2023 (2.9x as of December 31, 2022) and increased primarily driven by cash outs for earn-out payments during the year. Target remains mid-term to be below 3.0x leverage.
- **Cash and Cash Equivalents** amounted to 121.7 mEUR as of December 31, 2023, compared to 150.0 mEUR as of December 31, 2022. The cash decreased primarily due to earn-out payments as well as bond buybacks. Cash and cash equivalents remained strong, giving the Company a high degree of liquidity going forward.
- **Earnings Per Share (EPS)** amounted to EUR 0.29 undiluted / EUR 0.26 diluted (2022: EUR -0.13 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.36 undiluted / EUR 0.32 diluted (2022: EUR 0.13 undiluted / EUR 0.12 diluted).



# A WORD FROM THE CEO

*“Dear Shareholders,*

*I am pleased to announce that MGI has returned to 16% organic growth in the fourth quarter 2023, and that this trend continues into 2024.*

*While we showed a low single digit organic revenue growth in the first three quarters of 2023, primarily due to the challenges posed by the general economic climate, 2023 also saw the Company achieve significant milestones and market share gains. Consequently, today, we are the market leader in in-app advertising in North America.*

*In 2023, we paved the way for accelerated organic growth in 2024 and beyond by focusing on streamlining the business and making strategic product and AI investments, as well as supply chain optimizations.*

*The fact that the positive growth has continued into January and February 2024 makes us confident that this is a sustainable trend resulting from the strategic decisions taken over the past few years, putting MGI in a strong position for the coming years.*

*Below I will reflect on MGI's progress and achievements in the past year, while also outlining our strategic direction and outlook for the future in more detail.*

## **Streamlined Operations**

*As part of our cost-efficiency initiative, we successfully implemented a EUR 10 million annual cost savings program in Q3 2023. Throughout the year, our focus was on streamlining our cost structure and platform optimization. Our cost base is very flexible and there is even more room for cost optimization based on further platform integrations. Our cost focus led to an increased adjusted EBITDA of EUR 95 million compared to EUR 93 million in the same period last year.*

## **Product Development for Mobile and CTV Devices**

*Investment in our products and technologies remains a cornerstone of our strategy. We focused on improving our in-app SDKs / interfaces by further investing into state-of-the-art interstitial and rewarded banners, video ads, and also CTV offerings with dynamic pod bidding. This led to significant new customer onboardings as well as increased wallet share of existing customers.*

## **Strategic Investments in AI and Data**

*Since 2019, we have been strategically investing in AI and data with the clear aim of developing ID-less solutions for the upcoming years in which advertising no longer only relies on cookies and other personal identifiers. In 2023 alone we invested more than EUR 10 million in AI technology and our ID-less products ATOM and Moments.AI as well as our ML-Optimizations for IOs devices. After Apple abolished IDFA and Google also started deprecating cookies in the beginning of 2024, we saw significantly increased demand for our ID-less solutions resulting in additional sales in 2023 and early 2024.*

## **Matching Direct Demand with Direct Supply**

*2023 was also the year in which advertisers significantly increased their focus on supply path optimization. MGI was able to benefit from its early investments in its vertically integrated full-stack platform. Through the investments in direct demand and supply integrations, we are now able to provide advertisers with a direct connection to one of the largest pools of direct app integrations in North America as well as to our owned and operated games portfolio.*

## **Taking Market Share in 2023**

*Our number of Software Clients increased by 19% to 2.276, while the number of ad impressions increased by 14% to 206 billion. Pivalate data shows that we further strengthened our market leading position to 12% on iOS and 12% on Android devices in North America.*



### **Ready for Accelerated Growth in 2024**

*In the fourth quarter, we returned to meaningful FX adjusted organic growth of 16% (FY 2023: 5%). The growth was mainly driven by new Software Clients in combination with significant product innovations throughout 2023. Despite a decline in advertising budgets of ~30% expressed in lower prices for ads (CPMs), we were able to compensate for the reduction in advertising budgets by increasing volume and taking market share.*

*We are beginning to see a recovery of the advertising market, especially in the U.S., which represents approximately 70% of our revenues. This recovery in advertising spending should be further bolstered by significant events such as the upcoming U.S. elections, the Summer Olympics and the European Football Championships in 2024.*

*Now with visibility into February, we are pleased to report a strong start to the year and expect to return meaningful double-digit Organic Revenue Growth driven by our investments and the overall market recovery in 2024.*

*Sincerely,"*

Remco Westermann,

CEO MGI SE

\*Supply Path Optimization (SPO): Finding the shortest and most profitable route to ad inventory allowing media buyers to bid on and win inventory at the best prices, while publishers can maximize their revenues in the long term by cutting out unnecessary middlemen and increasing transparency.



# FINANCIAL PERFORMANCE

## CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

### FOURTH QUARTER 2023

- **Net Revenues** amounted to 98.7 mEUR (Q4 2022: 92.9 mEUR), an increase of 6%. The Organic Revenue Growth Rate, adjusted for FX and divestments amounted to 16%. The increase was driven by new Software Clients and product releases as well as signs of the beginning of a recovery in the advertising market.
- **Adj. EBITDA** amounted to 31.7 mEUR (Q4 2022: 31.5 mEUR), an increase of 1% and therefore remained stable year-over-year.
- **EBITDA Adjustments** amounted to 4.4 mEUR (Q4 2022: 5.1 mEUR) were primarily made for one-time audit and accountings fees, restructuring expenses and non-cash expenses for the ESOP program (see table EBITDA adjustments).
- **Adj. EBITDA Margin** decreased by two percentage points in the fourth quarter of 2023 to 32% (Q4 2022: 34%), driven by a 3% lower capitalization rate as of revenues.
- **EBITDA** amounted to 27.3 mEUR (Q4 2022: 26.5 mEUR) an increase of 3%.
- **EBITDA Margin** remained stable at 28% (Q4 2022: 28%).
- **Adj. EBIT** amounted to 26.8 mEUR (Q4 2022: 28.1 mEUR), a decrease of -5% driven by an increase in software development related amortization expenses.
- **Adj. EBIT Margin** amounted to 27% and decreased by three percentage points year-over-year (Q4 2022: 30%).
- **EBIT Adjustments** consisted of the EBITDA adjustments mentioned above plus PPA amortization in the amount of -2.6 mEUR.
- **EBIT** increased to 19.7 mEUR (Q4 2022: -8.4 mEUR), driven by higher amortization expenses in the previous year following the closure of several games.
- **Adj. Net Result** amounted to 7.5 mEUR (Q4 2022: 2.3 mEUR), an increase of 225% driven by a reduction in financial result as well as taxes.
- **The Net Result** amounted to 4.9 mEUR (Q4 2022: -29.1 mEUR), driven by higher amortization expenses in the previous year following the closure of several games.
- **Earnings Per Share (EPS)** amounted to EUR 0.03 undiluted / diluted (Q4 2022: EUR -0.18 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.05 undiluted / EUR 0.04 diluted (Q4 2022: EUR 0.01 undiluted / diluted).

### FULL-YEAR 2023

- **Net Revenues** amounted to 322.0 mEUR (FY 2022: 324.4 mEUR), a decrease of -1%. Normalized for FX and divestments the Organic Revenue Growth amounted to 5% in 2023.
- **Adj. EBITDA** amounted to 95.2 mEUR (FY 2022: 93.2 mEUR), an increase of 2% driven primarily by efficiency gains from the initiated cost saving program, leading to lower technology costs.
- **EBITDA Adjustments** amounted to -33.3 mEUR and were largely made for the release of the AxesInMotion earn-out liability and restructuring expenses as well as post-M&A related legal and advisory cost (see table EBITDA adjustments).
- **Adj. EBITDA Margin** increased to 30% (FY 2022: 29%).
- **EBITDA** amounted to 128.5 mEUR (FY 2022: 84.8 mEUR), an increase of 52%.
- **EBITDA Margin** increased to 40% in 2023 (FY 2022: 26%).
- **Adj. EBIT** amounted to 76.9 mEUR (FY 2022: 76.6 mEUR).
- **Adj. EBIT Margin** remained stable at 24% (FY 2022: 24%).
- **EBIT Adjustments** consisted of the EBITDA adjustments mentioned above plus PPA amortization in the amount of -11.2 mEUR.
- **EBIT** increased to 99.0 mEUR (FY 2022: 26.6 mEUR).
- **Adj. Net Result** amounted to 57.4 mEUR (FY 2022: 21.1 mEUR), an increase of 175.2% driven primarily by the AxesInMotion earn-out release.
- **The Net Result** amounted to 46.2 mEUR (FY 2022: -20.4 mEUR).
- **Earnings Per Share (EPS)** amounted to EUR 0.29 undiluted / EUR 0.26 diluted (FY 2022: EUR -0.13 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.36 undiluted / EUR 0.32 diluted (FY 2022: EUR 0.13 undiluted / EUR 0.12 diluted).

## EBITDA ADJUSTMENTS

| in kEUR                  | Q1<br>2023    | Q2<br>2023    | Q3<br>2023    | Q4<br>2023    | FY 23          |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| <b>EBITDA</b>            | <b>17,426</b> | <b>19,985</b> | <b>63,740</b> | <b>27,307</b> | <b>128,458</b> |
| Personnel expenses       | 937           | 672           | 4,714         | 1,368         | <b>7,691</b>   |
| Legal and Advisory costs | 692           | 230           | 13,976        | 2,440         | <b>17,339</b>  |
| Other Expenses           | 0             | 409           | 3,433         | 596           | <b>4,438</b>   |
| Other operating income   | 0             | 0             | -62,756       | 0             | <b>-62,756</b> |
| <b>Adj. EBITDA</b>       | <b>19,055</b> | <b>21,297</b> | <b>23,108</b> | <b>31,711</b> | <b>95,171</b>  |

- **EBITDA Adjustments** amounted to 4.4 mEUR (Q4 2022: 5.1 mEUR) in the fourth quarter. The adjustments in personnel expenses primarily related to the restructuring expenses as part of the cost saving program in addition to non-cash expenses for the ESOP program and deferred purchase price payments regarded as remuneration in accordance with IFRS 3. The legal and advisory cost related primarily to one-time audit expenses and accounting advisory fees following the relocation of the Company from Malta to Sweden as well as the change of group auditors. Other expenses consisted primarily of ERP migration costs.

## CASH FLOW AND FINANCIAL POSITION

- **Operating Cash Flow** before changes in working capital amounted to 17.0 mEUR in Q4 2023 (Q4 2022: 25.4 mEUR), a decrease of -33%. The working capital effect in the amount of 25.1 mEUR was driven by deferred revenues as well as an improved net working capital profile of the Company as of December 31, 2023. Operating Cash Flow after changes in working capital amounted to 42.0 mEUR in Q4 2023 (Q4 2022: 74.4 mEUR) a decrease of -49%. The decrease is primarily driven by a positive one-time working capital effect of 55 mEUR in the previous year from the initial set-up of the securitization program in Q4 2022.
- **The Equity Ratio** improved to 35% as of December 31, 2023 (December 31, 2022: 31%) driven primarily by the increase in retained earnings combined with the reduction in liabilities.
- **Cash and Cash Equivalents** amounted to 121.7 mEUR as of December 31, 2023, compared to 150.0 mEUR as of December 31, 2022. Compared to December 31, 2022, the cash decreased primarily due to earn-out payments and bond buybacks. Cash and cash equivalents remain strong, giving the Company a high degree of liquidity going forward.
- **Net Interest-Bearing Debt** as of December 31, 2023, amounted to 294.9 mEUR (December 31, 2022: 273.9 mEUR).
- **Leverage Ratio** amounted to 3.1x as of December 31, 2023 (2.9x as of December 31, 2022) and increased primarily driven by cash outs for earn-out payments during the year. Target remains mid-term to be below 3.0x leverage.
- **Interest Coverage Ratio** was 2.5x as of December 31, 2023, compared to 4.0x as of December 31, 2022, primarily driven by an increase in interest payments.

## INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

- **Investments** in the fourth quarter 2023 into self-developed software via capitalized own work amounted to 6.0 mEUR (Q4 2022: 8.2 mEUR) and included investments in the optimization and further development of the IT platforms and audiences to enable AI driven targeting capabilities on both the demand- and supply-side. Overall investments also included investments in sequels and substantial updates to the first-party games content which provides a high amount of in-house gamers' data to build target audiences for advertisers. Capitalized Own Work as a percentage of net revenues decreased slightly to 6% (9% in Q4 2022). Following the investment into an identity graph in the previous quarters, the Company further invested into audience data by combining third-party data with first-party data to train its AI routines for connecting the right brands / advertisers with the right audience / end-consumer in milliseconds.
- **Depreciation and Amortization** in the fourth quarter of 2023 decreased to 7.6 mEUR (Q4 2022: 34.9 mEUR). The reduction year-over-year was driven by reduced expenses from amortization which came from one-time write-offs within the Games portfolio in the same quarter in the previous year.
- **The Company's intangible assets** increased slightly to 796.6 mEUR on December 31, 2023 from 791.3 mEUR on December 31, 2022.
- **The Company's Liabilities** decreased to 654.6 mEUR on December 31, 2023 compared to 722.9 mEUR on December 31, 2022 as a result of the reversal of the AxesInMotion earn-out, bond buybacks and paid deferred purchase prices and earn-outs.





# BUSINESS UPDATE

## THOUGHT LEADERSHIP AND NOTABLE MEDIA PLACEMENTS

This quarter's thought leadership themes emphasized privacy, contextual advertising and mobile. Experts from Verve Group the umbrella under which all Media services are provided by MGI were regularly featured in major media outlets, sharing insights about topics that matter to Verve Group's business objectives. Highlights include:

- Two articles in Business of Apps: "Measurement: Closing the Identity Loop" and "Apple's SKAN vs. Google's Privacy Sandbox: In Anticipation of 2024," written by leaders from Verve Group and Dataseat, respectively.
- Forbes Tech Council published "How Contextual Targeting Can Maximize Conversions During Global Competitions," an article written by Evgeny Popov, EVP / GM, International.
- ExchangeWire featured Verve Group's expertise in "Contextual Advertising: Predictions for 2024."
- Advertising Week quoted Verve Group in their post-DMEXCO coverage.
- Amazon Publisher Services (APS) published a case study about the performance and revenue uplift driven by partnering with PubNative, Verve Group's mobile in-app marketplace. MGI and Verve Group amplified the success story, with press releases appearing on Adweek and Yahoo! Finance.

Thanks to our involvement in important industry groups such as IAB Europe and IAB U.K., Verve Group bolstered its thought leadership and credibility by contributing to major publications and providing expert speakers for panels, educational events and more.

- Verve Group was a featured contributor in the ninth edition of IAB Europe's industry-leading guide, "Attitudes to Programmatic Advertising Report," the organization's flagship publication.
- IAB Europe's "Virtual Programmatic Day" featured Dataseat's Dr. Matina Thomaidou, Head of Data Science, on a panel about the role of AI in programmatic advertising, focusing on campaign measurement and optimization.
- IAB Europe's roundup of predictions for 2024 include insights from Verve Group's Avi Edery, SVP / GM of Marketplace.

## EXTERNAL VALIDATION OF EXCELLENCE

As one of the fastest-growing SSPs, Verve Group again demonstrated its strength in mobile and CTV around the world. In Q4, Picalate released its Mobile SSP Market Share Report, which placed Verve Group as the No. 1 Mobile SSP in North America (NAM) for both the Apple App Store and Google Play. This was the third consecutive quarter that Verve Group was the top ranked SSP in NAM for Google and the second consecutive quarter as No. 1 in NAM for Apple.

In addition to maintaining its status as the most popular mobile SSP in NAM, Verve Group drove substantial gains in market share for the Apple App Store, jumping from 17% in the second quarter to 28% in the third quarter. Additionally, Verve Group ranked highly in other parts of the world.

**Google Play:** No. 1 in APAC, No. 2 in LATAM

**Apple App Store:** No. 3 in APAC, No. 5 in EMEA

Verve Group's increased focus on building its CTV business helped our SSP climb the charts on Picalate's Seller Trust Index of top SSPs for CTV. Picalate calculates CTV seller trust scores based on important seller factors such as traffic quality, household reach and transparency. No. 6 on Roku, up from No. 11 No. 12 on Amazon, up from No. 18 No. 11 on Samsung — our first time making the list.

In addition to improving our rankings, Verve Group's overall trust scores improved considerably. Our trust index score for Amazon increased by 33%, and our Roku score went up by 17%. These external recognitions of Verve Group's strength as a SSP offering high-quality inventory at scale, especially on mobile and CTV, help us continue building trust and credibility throughout the marketplace.



## PRODUCT NEWS

Verve's performance DSP Datasat also rolled out its industry-first machine-learning technique for better user acquisition campaigns on iOS. This new bidding model allows for privacy-compliant measurement and optimization on campaigns using SKAdNetwork 4 (SKAN). So far, clients' campaigns have outperformed goals, with a 25% decrease in cost per app install (CPI). This means that app developers and mobile marketers can acquire new users at a much lower cost.

Verve Marketplace's for in-app and omnichannel buyers also implemented important new features, including:

- Upgraded full-screen interstitials for brand and performance buyers
- New audience segments for brand targeting
- Support for updated IAB video placement guidelines to streamline CTV targeting
- Continued bidstream enrichment for better bid decisioning for buyers

Match2One, Verve Group's DSP for small- and medium-sized businesses, saw robust year-over-year growth in Q4 by building business in key verticals. These included growing fintech, Gaming and agency clients.

Verve Group's Brand DSP enhanced its digital out-of-home (DOOH) offerings with strategic collaborations, including VIOOH, a supply partner, and renewed its MyAdbooker partnership in the Netherlands. The DSP also integrated with Smaato's CTV offering — an example of the efficiencies and synergies found within Verve Group's suite of programmatic technologies.

## NEW SOFTWARE CLIENTS

In Q4, Verve Group again onboarded many important supply partners and publishers that will help advance our goal of offering the highest-quality ad inventory supply, no matter the channel.

**Connected TV:** For example, Univision (part of TelevisaUnivision, the world's largest Spanish-language media and content company), Trusted Media Brands (one of the world's most-watched free ad-supported streaming TV programmers), Frndly TV (on-demand video for family-friendly content on CTV) and Castify (a platform for creating CTV / OTT apps and channels).

**Digital Publishers and Non-Gaming Apps:** For example, Wordpress (the web publishing platform that powers 40% of the internet), Gulooloo Tech (mobile productivity app developer of top-ranked notebook app with 10M+ downloads on Android) and Hearst Newspapers (which operates iconic publisher brands such as the San Francisco Chronicle and Houston Chronicle).

**Gaming:** For example, King (part of Activision / Blizzard, recently acquired by Microsoft), Big Fish Games (major developer of mobile casual games as well as PC / Mac classics), Fiogonia (casual game developer with millions of app installs) and Kingsoft (Beijing-based video game and app developer).

## MGI's O&O Games Studios

Major Updates for Fiesta and Wizard101 have been a great success and exceeded our forecasts.

The Re-Launch of Trove in China was the biggest growth driver for the game and China became number two territory for Trove based on players and revenues. We will continue our support for China and will prepare a special event during the Chinese New Year in 2024.

We slightly adjusted our team structure to increase profitability and focus on new initiatives for 2024. Among these initiatives we will bring two of our own IPs to the console market and start both projects at the beginning of 2024. Building up on the success and existing awareness of these IP we will strengthen our position with a substantially growth in the console gaming segment and will benefit from our regular marketing activities.

The AxesInMotion team has expanded multiplayer testing for the mobile game "Extreme Car Driving Simulator" in preparation for the global launch of this major feature in 2024. Due to the increased user engagement, we will drastically extend the game time, which will lead to additional revenue in 2024.



# CORPORATE EVENTS

## APPOINTMENT OF NOMINATION COMMITTEE

On October 27, 2023, MGI - Media and Games Invest SE ("MGI") announced that the members of the Nomination Committee have been appointed.

In accordance with the decision of the Extraordinary General Meeting of November 01, 2022, regarding the principles and instructions for the Nomination Committee of MGI, the three largest shareholders of the Company have the right to appoint one member of the Nomination Committee each. The fourth member of the Nomination Committee shall be the Chairman of the Board of Directors of the Company.

The Nomination Committee for the 2024 Annual General Meeting consists of the following members:

- Tobias M. Weitzel, Chairman of the Board.
- Dr. Gabriel Recnik, appointed by Bodhivas GmbH holding 27.1% of the shares and votes on August 31, 2023.
- Hermann Dambach, appointed by Oaktree Capital Management holding 17.7% of the shares and votes on August 31, 2023.
- Anthony Gordon, appointed by and representing a group of shareholders (acting in concert) holding 8.4% of the shares and votes on August 31, 2023

Shareholders who wish to submit proposals to the Nomination Committee can do so by mail to: MGI – Media and Games Invest SE, attn. Nomination Committee, c/o Match2One AB, Stureplan, 6 114 35 Stockholm or by e-mail to: [nominationcommittee@mgi-se.com](mailto:nominationcommittee@mgi-se.com) no later than February 28, 2024.

## SONJA LILIENTHAL DEPARTS COMPANY

On November 29, 2023 MGI – Media and Games Invest SE announced that Sonja Lilienthal decided to step down as Chief Investment Officer (CIO) of MGI and depart the Company. Sonja joined MGI in April 2022 to help the Company take advantage of the consolidation in the media and games industry and execute MGI's M&A strategy. In her role as CIO, she was responsible for the successful acquisition and integration of Axes in Motion and Dataseat. Sonja also was in charge of key strategic projects for MGI, particularly in the ESG area, such as building and implementing MGI's partnership with Cedara as its global sustainability partner, which has been instrumental in the positive development of MGI's ESG performance and rating improvement. Sonja left MGI at her own request with effect from December 31, 2023. As a result of the current difficult macro-economic environment, and MGI's previously announced decision to reduce its costs, the Company has decided not to replace the position for the time being and instead chose to internally allocate responsibility for M&A activities and strategic projects in the ESG area.



# SUSTAINABILITY UPDATE

MGI has the strong belief that business is not just about products or numbers; 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.

## **MGI Leads the Way in Sustainable Ad-Tech Innovation with ML-Driven SKAN Campaign Optimization**

In line with our sustainability priority "Providing data protection and security ", MGI continues to pave the path towards a more efficient, and at the same time, more ethical digital advertising landscape. Our latest breakthrough, ML-driven optimization capabilities for SKAN (SKAdNetwork) campaigns, underscores our dedication to privacy-centric advertising solutions while empowering advertisers and publishers alike.


In a landscape where user privacy is paramount, MGI has invested heavily in cutting-edge technologies such as artificial intelligence (AI) to develop groundbreaking products like Moments.AI. Building upon this foundation, we are proud to announce the launch of our newest offering, which represents a paradigm shift in SKAN (SKAdNetwork) campaign optimization.

By leveraging machine learning (ML) algorithms, our pioneering product enables advertisers to achieve remarkable results in SKAN (SKAdNetwork) -only campaigns. Initial tests have demonstrated a 25% decrease in Cost Per Install (CPI) and a staggering 64% increase in Install Per Mille (IPM) metrics for a major mobile advertiser.

The challenges inherent in SKAN (SKAdNetwork) optimization are substantial, with limited signals and stringent privacy thresholds posing significant obstacles for performance marketers. However, MGI remains undeterred in our mission to enhance campaign performance while upholding user privacy standards.

By applying rigorous statistical methodologies to contextual signals, we unlock the full potential of SKAN (SKAdNetwork) data for robust campaign optimization:

In summary, MGI's ML-driven SKAN (SKAdNetwork) campaign optimization not only delivers impressive performance metrics but also embodies our commitment to sustainability and ethical advertising practices. As we continue to pioneer innovations in ad-tech, we remain steadfast in our mission to create a digital ecosystem that prioritizes user privacy, advertiser efficiency and environmental responsibility.



# GUIDANCE 2023 AND FIRST OUTLOOK 2024

|                            | Initial Guidance FY 2023 | Updated Guidance FY2023 <sup>1</sup> | Actuals FY 2023 |
|----------------------------|--------------------------|--------------------------------------|-----------------|
| <b>Revenue (in €m)</b>     | <b>335-345</b>           | <b>303</b>                           | <b>322</b>      |
| <b>Adj. EBITDA (in €m)</b> | <b>95-105</b>            | <b>93</b>                            | <b>95</b>       |

## MGI Clearly Exceeds Updated Guidance

The world around us has changed and, subsequently, we adapted our expectations in Q3 2023. While we were used to high organic growth levels of 38% in 2021 and 18% in 2022 and an even higher average revenue growth rate of 64% for the period of 2018 – 2022, we expected a lower organic growth in Q4 2023 driven by the first nine month of 2023. To offset the lower organic growth, in 2023 we initiated an annual EUR 10 million cost saving program, enabled by the achieved technical optimizations in the last periods.

As indicated in Q3, depending on the go-live of new advertising products and the overall macroeconomic development, advertising spend might also develop more positively, which provided an upside to the conservative updated guidance.

We are therefore pleased that in the fourth quarter of 2024, we returned to meaningful organic growth (normalized for divestments and FX effects) of 16% (FY 2023: 5%). The growth was mainly driven by new Software Clients in combination with significant product innovations.

We now see the beginnings of a recovery of the advertising market, especially in the U.S., which represents approximately 70% of our revenues. This recovery in advertising spending should be further supported by significant events such as the upcoming U.S. elections, the Summer Olympics and the European Football Championships in 2024.

Now with visibility into February, we are pleased to report a strong start to the year and expect to return meaningful double-digit Organic Revenue Growth driven by our investments and the overall market recovery in 2024.



## EVENTS AFTER DECEMBER 31, 2023

The following events are to be reported as fundamental changes taking place after the end of the reporting period.

### **Dataseat Ltd. – Amendment to the Share Purchase Agreement**

MGI entered into a Share and Purchase Agreement on 30 June 2022 for the purchase of all the shares in Dataseat Ltd. Under the terms and conditions of the Agreement, MGI could elect to pay the Deferred Consideration by way of a Share Issue Settlement, a Share Transfer Settlement or a Cash Settlement or a combination thereof and the amount was to be paid in June 2025. Subsequently a financial liability amounting to 7,538 mEUR was recognized in the balance sheet of MGI.

On 23 February 2024, MGI and the sellers entered a Deed of Amendment in which it was agreed upon to pay the deferred consideration components in cash and that the payment be paid in February 2024. This event has no impact on the figures as at 31 December 2023.

## CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP

| in kEUR  | Notes | Q4 2023        | Q4 2022        | FY 2023         | FY 2022         |
|--|-------|----------------|----------------|-----------------|-----------------|
| <b>Revenues</b>  |       |                |                |                 |                 |
| Net revenues   | 9     | 98,711         | 92,896         | 321,981         | 324,444         |
| Own work capitalized   |       | 5,989          | 8,162          | 25,954          | 28,928          |
| Other operating income   |       | 4,668          | 5,825          | 71,447          | 23,206          |
| <b>Total Income</b>  |       | <b>109,368</b> | <b>106,882</b> | <b>419,382</b>  | <b>376,578</b>  |
| <b>Operating Expenses</b>  |       |                |                |                 |                 |
| Services purchased & other operating expenses                      | 10    | -63,670        | -58,619        | -212,948        | -215,619        |
| Personnel expenses   | 11    | -18,390        | -21,794        | -77,975         | -76,207         |
| <b>Total Operating Expenses</b>                                    |       | <b>-82,061</b> | <b>-80,413</b> | <b>-290,924</b> | <b>-291,825</b> |
| <b>EBITDA</b>  |       |                |                |                 |                 |
| Depreciation and amortization                                      | 12    | -7,585         | -34,865        | -29,456         | -58,135         |
| Thereof: PPA Amortization  |       | -2,639         | -31,406        | -11,229         | -41,490         |
| <b>EBIT</b>  |       | <b>19,722</b>  | <b>-8,396</b>  | <b>99,002</b>   | <b>26,618</b>   |
| Financial result   |       | -14,099        | -14,776        | -50,065         | -37,959         |
| <b>EBT</b>   |       | <b>5,623</b>   | <b>-23,172</b> | <b>48,936</b>   | <b>-11,341</b>  |
| Income Taxes   |       | -718           | -5,916         | -2,718          | -9,064          |
| <b>Net Result</b>  |       | <b>4,905</b>   | <b>-29,088</b> | <b>46,218</b>   | <b>-20,405</b>  |
| of which attributable to non-controlling interest                  | 3     |                | -5             | -513            | -88             |
| <b>of which attributable to shareholders of the parent company</b> |       | <b>4,903</b>   | <b>-29,083</b> | <b>46,731</b>   | <b>-20,317</b>  |
| Add-back of PPA-Amortization                                       |       | 2,639          | 31,406         | 11,229          | 41,490          |
| <b>Adj. Net Result</b>   |       | <b>7,544</b>   | <b>2,318</b>   | <b>57,447</b>   | <b>21,085</b>   |
| <b>Earnings per share</b>  |       |                |                |                 |                 |
| Undiluted  |       | <b>0.03</b>    | <b>-0.18</b>   | <b>0.29</b>     | <b>-0.13</b>    |
| Diluted  |       | <b>0.03</b>    | <b>-0.18</b>   | <b>0.26</b>     | <b>-0.13</b>    |
| <b>Average number of shares</b>                                    |       |                |                |                 |                 |
| Undiluted  |       | <b>159,249</b> | <b>159,249</b> | <b>159,249</b>  | <b>156,182</b>  |
| Diluted  |       | <b>177,449</b> | <b>177,449</b> | <b>177,449</b>  | <b>174,382</b>  |

Note: numbers may not add up due to rounding

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MGI GROUP

| in kEUR  | Q4 2023        | Q4 2022        | FY 2023        | FY 2022        |
|--|----------------|----------------|----------------|----------------|
| <b>Consolidated profit / loss</b>  | <b>4,905</b>   | <b>-29,088</b> | <b>46,218</b>  | <b>-20,405</b> |
| <i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i> |                |                |                |                |
| Exchange differences on translating foreign operations   | -15,705        | -36,434        | -12,708        | 11,191         |
| Gain / Loss of financial assets  | 0              | 8,166          | -132           | -6,392         |
| Gain / Loss of hedging instruments   | -6,715         | 545            | -5,969         | 545            |
| <b>Other comprehensive income, net of income tax</b>   | <b>-22,419</b> | <b>-27,723</b> | <b>-18,809</b> | <b>5,345</b>   |
| <b>Total comprehensive income</b>  | <b>-17,514</b> | <b>-56,811</b> | <b>27,409</b>  | <b>-15,061</b> |
| <i>Attributable to:</i>  |                |                |                |                |
| <b>Owners of the Company</b>   | <b>-17,517</b> | <b>-56,806</b> | <b>27,922</b>  | <b>-14,972</b> |
| <b>Non-controlling interests</b>   | <b>3</b>       | <b>-5</b>      | <b>-513</b>    | <b>-88</b>     |

Note: numbers may not add up due to rounding



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, MGI GROUP

| in kEUR   | Notes | 31 Dec 23        | 31 Dec 22        |
|---|-------|------------------|------------------|
| Intangible assets   | 4, 5  | 796,607          | 791,284          |
| Property, plant and equipment                             |       | 3,963            | 5,522            |
| Financial assets and other assets                         |       | 12,945           | 26,831           |
| <b>Long-term assets</b>                                   |       | <b>813,516</b>   | <b>823,637</b>   |
| Trade and other receivables                               |       | 71,773           | 71,030           |
| Cash and cash equivalents                                 |       | 121,740          | 149,992          |
| <b>Short-term assets</b>                                  |       | <b>193,513</b>   | <b>221,022</b>   |
| <b>Total assets</b>                                       |       | <b>1,007,028</b> | <b>1,044,659</b> |
| Equity attributable to shareholders of the parent company | 8     | 352,275          | 322,956          |
| Non-controlling interest                                  |       | 182              | -1,211           |
| <b>Total equity</b>                                       |       | <b>352,456</b>   | <b>321,745</b>   |
| <b>Long-term liabilities</b>                              | 6     | <b>413,804</b>   | <b>503,443</b>   |
| <b>Short-term liabilities</b>                             | 7     | <b>240,768</b>   | <b>219,471</b>   |
| <b>Total liabilities and equity</b>                       |       | <b>1,007,028</b> | <b>1,044,659</b> |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, MGI GROUP

|   | 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 Jan 2022</b>  | <b>149,680</b>   | <b>149,680</b> | <b>84,571</b>  | <b>53,141</b>    | <b>21,678</b>                              | <b>-1,637</b>                         | <b>307,434</b>  | <b>59</b>                 | <b>307,492</b>             |
| Consolidated profit   |                  |                |                |                  | -20,317                                    |                                       | -20,317   | -88                       | -20,405                    |
| Other comprehensive income  |                  |                |                |                  |  | 5,345                                 | 5,345   |                           | 5,345                      |
| <b>Total comprehensive income</b>                                     |                  |                |                |                  | <b>-20,317</b>                             | <b>5,345</b>                          | <b>-14,972</b>  | <b>-88</b>                | <b>-15,061</b>             |
| Capital increases   | 9,569            | 9,569          | 18,947         |                  |  |                                       | 28,516  |                           | 28,516                     |
| Addition of non-controlling interests due to acquisition of projects  |                  |                |                |                  |  |                                       | 0   | -1,182                    | -1,182                     |
| Other Equity reserves regarding IFRS 2                                |                  |                |                | 1,978            |  |                                       | 1,978   |                           | 1,978                      |
| <b>Balance at 31 December 2022</b>                                    | <b>159,249</b>   | <b>159,249</b> | <b>103,518</b> | <b>55,119</b>    | <b>1,362</b>                               | <b>3,708</b>                          | <b>322,956</b>  | <b>-1,211</b>             | <b>321,745</b>             |
| <b>Balance at 1 Jan 2023</b>  | <b>159,249</b>   | <b>159,249</b> | <b>103,518</b> | <b>55,119</b>    | <b>1,362</b>                               | <b>3,708</b>                          | <b>322,956</b>  | <b>-1,211</b>             | <b>321,745</b>             |
| Consolidated profit   |                  |                |                |                  | 46,731                                     |                                       | 46,731  | -513                      | 46,218                     |
| Other comprehensive income  |                  |                |                |                  |  | -18,809                               | -18,809   | 9                         | -18,800                    |
| <b>Total comprehensive income</b>                                     |                  |                |                |                  | <b>46,731</b>                              | <b>-18,822</b>                        | <b>27,922</b>   | <b>-504</b>               | <b>27,418</b>              |
| Acquisition of subsidiaries   |                  |                |                |                  |  |                                       | 0   | 118                       | 118                        |
| Addition of non-controlling interests due to acquisition of projects  |                  |                |                |                  |  |                                       | 0   | 1,082                     | 1,082                      |
| Disposal of non-controlling interests due to disposal of subsidiaries |                  |                |                |                  |  |                                       | 0   | 697                       | 697                        |
| Other Equity reserves regarding IFRS 2                                |                  |                |                | 1,396            |  |                                       | 1,396   |                           | 1,396                      |
| <b>Balance at 31 Dec 2023</b>   | <b>159,249</b>   | <b>159,249</b> | <b>103,518</b> | <b>56,516</b>    | <b>48,093</b>                              | <b>-15,101</b>                        | <b>352,274</b>  | <b>183</b>                | <b>352,457</b>             |

Note: numbers may not add up due to rounding.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP

| in kEUR  | Notes | Q4 2023        | Q4 2022        | FY 2023        | FY 2022         |
|--|-------|----------------|----------------|----------------|-----------------|
| <b>Cash flow from operating activities (before change in WC)</b> |       | <b>16,967</b>  | <b>25,439</b>  | <b>60,740</b>  | <b>78,936</b>   |
| <i>Change in working capital</i>                                 |       | <i>25,052</i>  | <i>48,964</i>  | <i>13,793</i>  | <i>55,284</i>   |
| <b>Cash flow from operating activities</b>                       |       | <b>42,019</b>  | <b>74,403</b>  | <b>74,533</b>  | <b>134,220</b>  |
| <b>Cash flow from investing activities</b>                       |       | <b>-8,436</b>  | <b>-1,732</b>  | <b>-34,423</b> | <b>-176,672</b> |
| <b>Cash flow from financing activities</b>                       |       | <b>-19,347</b> | <b>-41,101</b> | <b>-65,481</b> | <b>12,288</b>   |
| <b>Cash flow for the period</b>                                  |       | <b>14,237</b>  | <b>31,570</b>  | <b>-25,370</b> | <b>-30,164</b>  |
| Cash and cash equivalents at the beginning of the period         |       | 110,384        | 118,422        | 149,992        | 180,156         |
| Exchange rate differences in cash and cash equivalents           |       | -2,881         | 0              | -2,881         | 0               |
| <b>Cash and cash equivalents at the end of the period</b>        |       | <b>121,740</b> | <b>149,992</b> | <b>121,740</b> | <b>149,992</b>  |

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

## STATEMENT OF INCOME, PARENT ENTITY

| in kEUR                                       | Notes | Q4 2023       | Q4 2022       | FY 2023        | FY 2022        |
|---|-------|---------------|---------------|----------------|----------------|
| <b>Revenues</b>                               |       |               |               |                |                |
| Net revenues                                  |       | 2,541         | 0             | 2,875          | 253            |
| Other operating income                        |       | 95            | 1,309         | 339            | 1,324          |
| <b>Total Income</b>                           |       | <b>2,636</b>  | <b>1,309</b>  | <b>3,215</b>   | <b>1,577</b>   |
| <b>Operating Expenses</b>                     |       |               |               |                |                |
| Services purchased & other operating expenses |       | 4,116         | -5,397        | -2,118         | -14,784        |
| Personnel expenses                            |       | -532          | -1,907        | -1,941         | -3,125         |
| <b>Total Operating Expenses</b>               |       | <b>3,584</b>  | <b>-7,304</b> | <b>-4,059</b>  | <b>-17,909</b> |
| <b>EBITDA</b>                                 |       | <b>6,220</b>  | <b>-5,995</b> | <b>-844</b>    | <b>-16,332</b> |
| <b>EBIT</b>                                   |       | <b>6,220</b>  | <b>-5,995</b> | <b>-844</b>    | <b>-16,332</b> |
| Financial result                              |       | -7,291        | -3,343        | -23,808        | -7,910         |
| <b>EBT</b>                                    |       | <b>-1,071</b> | <b>-9,338</b> | <b>-24,652</b> | <b>-24,242</b> |
| Income Taxes                                  |       | -31           | 0             | -31            | 0              |
| <b>Net Result</b>                             |       | <b>-1,102</b> | <b>-9,338</b> | <b>-24,683</b> | <b>-24,242</b> |

Note: numbers may not add up due to rounding.

## STATEMENT OF FINANCIAL POSITION, PARENT ENTITY

| in kEUR   | Note | 31 Dec 23      | 31 Dec 22      |
|---|------|----------------|----------------|
| Financial assets and other assets                         |      | 304,263        | 314,925        |
| <b>Long-term assets</b>                                   |      | <b>304,263</b> | <b>314,925</b> |
| Trade and other receivables                               |      | 282,817        | 296,763        |
| Cash and cash equivalents                                 |      | 4,837          | 12,147         |
| <b>Short-term assets</b>                                  |      | <b>287,654</b> | <b>308,909</b> |
| <b>Total assets</b>                                       |      | <b>591,917</b> | <b>623,834</b> |
| Equity attributable to shareholders of the parent company |      | 203,904        | 227,323        |
| <b>Total equity</b>                                       |      | <b>203,904</b> | <b>227,323</b> |
| <b>Long-term liabilities</b>                              |      | <b>349,016</b> | <b>390,958</b> |
| <b>Short-term liabilities</b>                             |      | <b>38,997</b>  | <b>5,554</b>   |
| <b>Total liabilities and equity</b>                       |      | <b>591,917</b> | <b>623,834</b> |

Note: numbers may not add up due to rounding.

# SELECTED EXPLANATORY NOTES

## NOTE 1 BASIS OF PREPARATION

The interim financial information for the Group for the twelve-month period ended December 31, 2023 has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 Reporting for legal entities and other statements issued by the Swedish Financial Reporting Board. In all respects other than those described below, the Company has presented the financial statements for the period ended December 31, 2023 in accordance with the accounting policies and principles applied in the Annual and Sustainability Report 2022. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2022. Disclosures as required by IAS 34 p. 16 A are presented both in the financial statements and notes as well as in other parts of the interim report.

The new and amended IFRSs applicable from January 1, 2023 have no effects to the Company's financial reports for the twelve-month period ended December 31, 2023.

The consolidation scope of the reviewed condensed consolidated financial statements as of December 31, 2023, changed compared to the audited consolidated financial statements as of December 31, 2022, for the following transactions and entities:

- **Q1 2023:** Acquisition of Smaato India Private Limited
- **Q1 2023:** Deconsolidation of Media Elementa Digital Espana S.L.U.
- **Q3 2023:** Deconsolidation of PT Portal Bursa Digital due to its liquidation
- **Q4 2023:** Merger of Verve Group Brazil Ltda. (receiving company) and ME Digital Brasil Ltda.

## NOTE 2 ACQUISITIONS OF BUSINESSES

### Smaato India Private Limited

For further information please refer to the Interim Report Q1 2023.

## 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). The Demand Side Platforms are recognized within the 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 executing 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 have their own SSPs, but there are also several independent players such as Fyber or PubMatic and also MGI, who are trying to maximize ad space monetization. An advertising exchange 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 IPs, 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 in combination with strong AI capabilities 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 through services where MGI buys ad inventory at own risk and sells it to advertisers as well as charging usage-based fees based on a percentage of an advertiser'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 for a world without identifiers and cookies.

### **SSP Segment**

MGI's Supply Side Platform helps third party publishers (games and non-games) and its own games studios to monetize their ad inventory / ad spaces while keeping full control over it. Publishers connect to the SSP by for example, integrating our SDKs into their content. Connected to our own Demand Side Platform, as well as to 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 optimized via AI, 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 AI driven powerful data enrichment engine, content users 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 resp. content, 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 and enable faster testing cycles of new services. A smaller portion of the revenues in this segment is generated directly with consumers from in-game item sales and game subscriptions. The Supply Side Platform generates revenue through services where MGI buys ad inventory at own risk and sells it to advertisers as well as charging usage-based platform fees of a publisher's total supply volume.

b) Segment revenues and segment results

I. Q4 2023

|                                    | DSP<br>UNCONSOLIDATED | SSP<br>UNCONSOLIDATED | INTER-SEGMENT<br>ELIMINATION | CONSOLIDATED  |
|------------------------------------|-----------------------|-----------------------|------------------------------|---------------|
| in kEUR                            | Oct-Dec-23            | Oct-Dec-23            |                              | Oct-Dec-23    |
| <b>Total Revenues</b>              | <b>16,106</b>         | <b>95,744</b>         | -13,139                      | <b>98,711</b> |
| Intersegment Revenues              | 10,877                | 2,262                 | -13,139                      | 0             |
| Revenues External                  | 5,229                 | 93,482                |                              | <b>98,711</b> |
| <b>EBITDA</b>                      | <b>5,844</b>          | <b>21,463</b>         |                              | <b>27,307</b> |
| Depreciation and amortization      |                       |                       |                              | -7,585        |
| Financing income                   |                       |                       |                              | 3,874         |
| Financing expenses                 |                       |                       |                              | -17,972       |
| <b>Earnings before taxes (EBT)</b> |                       |                       |                              | <b>5,623</b>  |
| Income taxes                       |                       |                       |                              | -718          |
| <b>Net result</b>                  |                       |                       |                              | <b>4,905</b>  |

|                                    | DSP<br>UNCONSOLIDATED | SSP<br>UNCONSOLIDATED | INTER-SEGMENT<br>ELIMINATION | CONSOLIDATED   |
|------------------------------------|-----------------------|-----------------------|------------------------------|----------------|
| in kEUR                            | Oct-Dec-22            | Oct-Dec-22            |                              | Oct-Dec-22     |
| <b>Total Revenues</b>              | <b>14,402</b>         | <b>84,475</b>         | -5,981                       | <b>92,896</b>  |
| Intersegment Revenues              | 4,133                 | 1,848                 | -5,981                       | 0              |
| Revenues External                  | 10,269                | 82,627                |                              | <b>92,896</b>  |
| <b>EBITDA</b>                      | <b>6,041</b>          | <b>20,429</b>         |                              | <b>26,470</b>  |
| Depreciation and amortization      |                       |                       |                              | -34,866        |
| Financing income                   |                       |                       |                              | 118            |
| Financing expenses                 |                       |                       |                              | -14,894        |
| <b>Earnings before taxes (EBT)</b> |                       |                       |                              | <b>-23,173</b> |
| Income taxes                       |                       |                       |                              | -5,916         |
| <b>Net result</b>                  |                       |                       |                              | <b>-29,088</b> |



## II. Q1-Q4 2023 (YTD)

|                                    | DSP<br>UNCONSOLIDATED | SSP<br>UNCONSOLIDATED | INTER-SEGMENT<br>ELIMINATION | CONSOLIDATED   |
|------------------------------------|-----------------------|-----------------------|------------------------------|----------------|
| in kEUR                            | Jan-Dec-23            | Jan-Dec-23            |                              | Jan-Dec-23     |
| <b>Total Revenues</b>              | <b>47,122</b>         | <b>301,391</b>        | -26,533                      | <b>321,981</b> |
| Intersegment Revenues              | 18,972                | 7,561                 | -26,533                      | 0              |
| Revenues External                  | 28,150                | 293,831               |                              | <b>321,981</b> |
| <b>EBITDA</b>                      | <b>12,878</b>         | <b>115,580</b>        |                              | <b>128,458</b> |
| Depreciation and amortization      |                       |                       |                              | -29,456        |
| Financing income                   |                       |                       |                              | 5,436          |
| Financing expenses                 |                       |                       |                              | -55,502        |
| <b>Earnings before taxes (EBT)</b> |                       |                       |                              | <b>48,936</b>  |
| Income taxes                       |                       |                       |                              | -2,718         |
| <b>Net result</b>                  |                       |                       |                              | <b>46,218</b>  |

|                                    | DSP<br>UNCONSOLIDATED | SSP<br>UNCONSOLIDATED | INTER-SEGMENT<br>ELIMINATION | CONSOLIDATED   |
|------------------------------------|-----------------------|-----------------------|------------------------------|----------------|
| in kEUR                            | Jan-Dec-22            | Jan-Dec-22            |                              | Jan-Dec-22     |
| <b>Total Revenues</b>              | <b>41,614</b>         | <b>298,882</b>        | -16,052                      | <b>324,444</b> |
| Intersegment Revenues              | 9,445                 | 6,608                 | -16,052                      | 0              |
| Revenues External                  | 32,169                | 292,274               |                              | <b>324,444</b> |
| <b>EBITDA</b>                      | <b>8,844</b>          | <b>75,910</b>         |                              | <b>84,753</b>  |
| Depreciation and amortization      |                       |                       |                              | -58,135        |
| Financing income                   |                       |                       |                              | 349            |
| Financing expenses                 |                       |                       |                              | -38,308        |
| <b>Earnings before taxes (EBT)</b> |                       |                       |                              | <b>-11,341</b> |
| Income taxes                       |                       |                       |                              | -9,064         |
| <b>Net result</b>                  |                       |                       |                              | <b>20,405</b>  |

The Company does not use geographical information for the 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.

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 kEUR    | 31 Dec 2023 | 31 Dec 2022 |
|------------|-------------|-------------|
| <b>DSP</b> | 88,491      | 85,912      |
| <b>SSP</b> | 918,537     | 958,747     |
| Total      | 1,007,028   | 1,044,659   |

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.

As of December 31, 2023 no write down of goodwill was done because the carrying amount of the CGUs were higher than the recoverable amounts calculated by a reputable "big four" accounting firm.

## NOTE 4 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill in 2023 is related to the translation of goodwill in foreign currencies, mainly USD. Other Intangible Assets included acquired intangible assets from business combinations, self-developed intangible assets, IPs, licenses and advanced payments on licenses due to acquisitions and the in-house development of the games and ad-tech platforms.

| in kEUR           | 31 Dec 2023 | 31 Dec 2022 |
|-------------------|-------------|-------------|
| Goodwill          | 578,028     | 587,739     |
| Other Intangibles | 218,580     | 203,545     |

## NOTE 5 DISPOSALS

There were no material sales or disposals in Q4 2023.

## NOTE 6 LONG-TERM LIABILITIES

As of December 31, 2023, the long-term liabilities of MGI decreased by 89,639 kEUR to 413,804 kEUR (December 31, 2022: 503,443 kEUR) driven primarily by the reversal of earn-out liabilities related to the AxesInMotion acquisition and the repurchase and acquisition of MGI's bonds into its inventory. As of December 31, 2023, Bonds with a maturity of more than one year amounted to 348,038 kEUR (December 31, 2022: 389,385 kEUR) and Bank loans with a maturity of more than one year amounted to 650 kEUR (750 kEUR). The decrease in the long-term liabilities of 89,639 kEUR was primarily driven by the AxesInMotion earn-out release of 62,756 kEUR and the reclassification of MGI Bonds which are due in November 2024 in the amount of 34,510 kEUR from a long to a short-term liability.

At the transaction date of the acquisition of AxesInMotion a total discounted liability of 79,779 kEUR (85,441 kEUR undiscounted) was recognized on the balance sheet. In July 2023, an amount of 5,240 kEUR was paid as earn-out. Subsequently, 9,431 kEUR was released as an adjustment to the earn-out upon settlement. An additional 53,325 kEUR was released in Q3 2023 as a fair value adjustment to the remaining financial liability. The fair value adjustment relating to the AxesInMotion earn-out liability was a result of deviations in the EBITDA threshold targets which were part of the consideration for the acquisition of AxesInMotion in 2022. As of December 31, 2023, the remaining liability for the AxesInMotion earn-out is 15,077 kEUR (16,120 kEUR undiscounted) with the 2024 EBITDA threshold targets being expected to be met.

The contingent consideration is recognized as a financial liability and subsequently measured at fair value as a Level 3 financial liability. The EBITDA figures were computed based on the forecast figures for the financial year 2024. In determination of the present value the weighted average cost of capital rate of 4.5% was applied. No write down of goodwill was done because the carrying amount of the CGUs were higher than the recoverable amounts calculated by a reputable "big four" accounting firm.

## NOTE 7 SHORT-TERM LIABILITIES

The short-term liabilities of MGI increased by 21,297 kEUR on December 31, 2023 to 240,768 kEUR compared to 219,471 kEUR on December 31, 2022, primarily due to the reclassification of the November 2024 MGI Bond in the amount of 34,510 kEUR from a long into a short-term liability.

## NOTE 8 SHAREHOLDERS' EQUITY

As of December 31, 2023, the total shareholders' equity increased 352,456 kEUR (December 31, 2022: 321,745 kEUR) driven primarily by an increase in retained earnings due to the reversal of the AxesInMotion earn-out. The subscribed capital of MGI remained unchanged at 159,249 kEUR by December 31, 2023 (December 31, 2022: 159,249 kEUR).

No dividends were paid in Q4 2023.

## NOTE 9 NET REVENUES

MGI achieved in Q4 2023 net revenues of 98,711 kEUR (Q4 2022: 92,896 kEUR). The increase of 5,816 kEUR was driven by a strong performance of the media entities following several product releases and a recovery of the advertising market. External Revenues from the DSP segment amounted to 5,229 kEUR (Q4 2022: 10,269 kEUR) and from the SSP segment amounted to 93,482 kEUR (Q4 2022: 82,627 kEUR).

## NOTE 10 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q4 2023, MGI discloses services purchased and other operating expenses of 63,670 kEUR (Q4 2022: 58,619 kEUR). The increase of 5,052 kEUR was primarily driven by the increase in revenues.

## NOTE 11 PERSONNEL EXPENSES

In Q4 2023, the personnel expenses decreased by 3,404 kEUR to 18,390 kEUR (Q4 2022: 21,794 kEUR). This decrease is driven by the executed cost savings program announced in the third quarter 2023.

## NOTE 12 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization, and write-downs amounted in Q4 2023 to 7,585 kEUR (Q4 2022: 34,865 kEUR). The reduction in expenses were primarily driven by the one-time write-offs within the Games portfolio in the previous year.

## 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.

Tobias M. Weitzel is a member of the six-member Board of Directors of the Company since May 31, 2018, and Chairman since September 15, 2022. He holds 500,000 phantom stock and 1,209,228 shares in the Company, as of December 31, 2023.

Remco Westermann is a member of the Board of Directors since May 31, 2018 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 27.3% of the shares and voting rights in MGI, as of December 31, 2023, as well as 1,200 kEUR bonds with ISIN SE0018042277. In 2023 Bodhivas GmbH rolled-over 1,000 kEUR Senior Secured Bonds of MGI (ISIN: SE0015194527) maturing in 2024 into the new Senior Secured Bonds of MGI (ISIN: SE0019892241) maturing in 2027. Remco Westermann is the Managing Director of Bodhivas GmbH, Sarasvati GmbH, Garudasana 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.

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 December 31, 2023.

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 December 31, 2023.

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 December 31, 2023.

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.

Paul Echt is CFO of the Company. He is Managing Director of PE Global Invest GmbH. Paul Echt holds 2,250,000 phantom stock and 328,679 shares in the Company.

Jens Knauber is COO of the Company. He is Managing Director of elbdiamond digital GmbH. Jens Knauber holds 3,100,000 phantom stock and 15,000 shares in the Company.

During the reporting period Ionut Ciobotaru was CPO of MGI but left the Company in July 2023. He is Managing Director of Ionut UG and Good Deals Ventures SRL. In the first 9-month 2023 Ionut UG received 1,650 kEUR in earn-out payments from the disposal of PubNative in 2020. 500 kEUR of the proceeds were used to buy Senior Secured Bonds of MGI (ISIN: SE0019892241) maturing in 2027.

Sameer Sondhi is CRO of the Company. He is Managing Director of Sondhi LLC. Sameer Sondhi holds 900,000 Phantom Stocks in the Company.

During the reporting period Sonja Lilienthal was CIO of the Company. She has left the Company with effect from December 31, 2023. She is Managing Director of Valliorum UG.

## NOTE 14 OTHER DISCLOSURES

There are no new significant litigations or claims in Q4 2023.

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

|    |                                 |        |
|----|---------------------------------|--------|
| 1  | Bodhivas GmbH                   | 27.67% |
| 2  | Oaktree Capital Management LLP  | 17.66% |
| 3  | Sterling Strategic Value Fund   | 5.06%  |
| 4  | Trend Finanzanalysen GmbH       | 1.62%  |
| 5  | Nordnet Pensionsförsäkring      | 1.54%  |
| 6  | PAETA Holdings Limited          | 1.44%  |
| 7  | Case Kapitalförvaltning         | 1.34%  |
| 8  | Avanza Pension                  | 1.14%  |
| 9  | Anthony Gordon                  | 1.05%  |
| 10 | Dawn Fitzpatrick                | 1.03%  |
| 11 | Smile Autovermietung GmbH       | 0.99%  |
| 12 | Elizabeth Para                  | 0.95%  |
| 13 | Billings Capital Management LLC | 0.94%  |
| 14 | Tobias Weitzel                  | 0.76%  |
| 15 | T.E.L.L. Verwaltung GmbH        | 0.66%  |
| 16 | Sascha Golshan                  | 0.63%  |
| 17 | Didner & Gerge Fonder           | 0.40%  |
| 18 | Sebastian Krueper               | 0.36%  |
| 19 | Genève Invest (Europe) S.A.     | 0.30%  |
| 20 | Inbox Capital AB                | 0.22%  |

Note (1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, as of December 31, 2023.

Note (2): A group of shareholders (acting in concert) holding 8.4% of the shares and votes and consisting of: Trend Finanzanalysen GmbH, Smile Autovermietung GmbH, T.E.L.L. Verwaltungen GmbH, Dawn Fitzpatrick, Sebastian Krüper, Anthony Gordon, and other private shareholders forms the third largest shareholder in accordance with the definition of the principles and instructions of the Nomination Committee confirmed at the Extraordinary General Meeting of November 1, 2022.

## DEFINITIONS OF KEY PERFORMANCE INDICATORS

|                         |  |
|-------------------------|--|
| Net Result              | Total income minus operating expenses, depreciation and amortization, financial result, and taxes  |
| Adj. Net Result         | Net Income excluding PPA amortization  |
| EBIT                    | Earnings before interest and taxes   |
| EBIT margin             | EBIT as a percentage of net revenues   |
| Adjusted EBIT           | EBIT excluding items affecting comparability 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 items affecting comparability   |
| 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 interest expenses 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 Company for twelve months or more. What is excluded is the revenue growth from acquisitions that have not been part of the Company in the last twelve month, and the decline from sales stemming from closures/divestment of businesses. |
| Software Clients        | Software clients with annual gross revenues exceeding 10 kUSD  |

## PARENT COMPANY

MGI with its headquarters in Stockholm, Sweden, is the parent company of the Group.

## FINANCIAL CALENDAR

|                             |            |
|-----------------------------|------------|
| Annual Report 2023          | 30.04.2024 |
| Interim Report Q1 2024      | 30.05.2024 |
| Annual General Meeting 2024 | 13.06.2024 |
| Half Year Report Q2 2024    | 29.08.2024 |
| Interim Report Q3 2024      | 28.11.2024 |

## AUDITOR REVIEW

This report has not been subject to review by the Company's auditor.

## INVESTOR CONTACT

The latest information on the Company is published on its website [www.mgi-se.com](http://www.mgi-se.com). 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:

Remco Westermann, CEO

Email: [info@mgi-se.com](mailto:info@mgi-se.com) or [soeren.barz@mgi-se.com](mailto:soeren.barz@mgi-se.com)

## 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 Group as of 31 December 2023, and of its financial performance and cash flows for the year then ended and have been prepared in accordance with IFRS as adopted by the European Union.

Stockholm, February 29, 2024

Approved: Board of Directors

---

Tobias M. Weitzel  
Chairman

---

Elizabeth Para  
Director

---

Franca Ruhwedel  
Director

---

Mary Ann Halford  
Director

---

Johan Roslund  
Director

---

Remco Westermann  
Director

*[This interim report Q4 2023 is information that MGI – Media and Games Invest SE (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.] The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 am CET on Thursday, 29, February 2024.*



**MGI - Media and Games Invest SE**

Stureplan 6  
114 35 Stockholm  
Sweden

[www.mgi-se.com](http://www.mgi-se.com)  
[www.info@mgi-se.com](mailto:www.info@mgi-se.com)