Media and Games Invest SE

INTERIM REPORT Q3 2023

MGI - MEDIA AND GAMES INVEST GROUP “MGI”

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

"I am pleased to report a successful quarter for MGI. While the macroeconomic environment and, as a result, advertising expenditures, are having a challenging year, we continued to gain market share and now hold the #1 position on Android and iOS in the U.S. with a market share of 11% and 28%, respectively. We were also able to grow our revenues organically by 1%, compensating ad price decreases and overall lower ad budgets by adding new software clients to the platform. Our Adjusted EBITDA margin increased from 26% in the previous year to 29% in the third quarter of 2023 driven by the execution of our cost savings plan. Our operating cashflow came in with EUR 28 million in the third quarter, showing an increase of 25% year-over-year. Driven by the free cashflow and despite earn-out payments, we increased our cash position by the end of the quarter to EUR 110 million underscoring the strong cash conversion of our business." commented Remco Westermann, CEO of MGI Group.

HIGHLIGHTS Q3 2023

- **Net Revenues** amounted to 78.3 mEUR (Q3 2022: 87.6 mEUR), a decrease of -11% driven by divestments and FX headwinds in the amount of 10.2 mEUR. The FX-adjusted Organic Revenue Growth was positive and amounted to 1%.
- **Adj. EBITDA** amounted to 23.1 mEUR (Q3 2022: 23.0 mEUR), and therefore remained stable despite the decline in revenues. Year-over-year growth was driven by efficiency gains following the executed cost saving program. EBITDA adjustments 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 and Notes 6 and 10 for details).
- **Adj. EBIT** amounted to 18.4 mEUR (Q3 2022: 18.5 mEUR), a decrease of -1% driven by increased depreciation.
- **Adj. Net Result** amounted to 42.9 mEUR (Q3 2022: 6.7 mEUR), an increase of 537%. The increase was primarily driven by the release of the AxesInMotion earn-out. For further details on the earn-out release refer to Note 6 and Note 10 in the Notes section.
- **Earnings Per Share (EPS)** amounted to EUR 0.25 undiluted / EUR 0.22 diluted (Q3 2022: EUR 0.02 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.27 undiluted / diluted 0.24 (Q3 2022: EUR 0.04 undiluted / diluted).

SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	Q3 2023	Q3 2022	Q1-Q3 '23	Q1-Q3 '22	FY 2022
Net Revenues	**78.3**	**87.6**	**223.3**	**231.5**	**324.4**
Y-o-Y Growth in Revenues	*-11%*	*39%*	*-4%*	*35%*	*29%*
EBITDA	**63.7**	**21.4**	**101.2**	**58.3**	**84.8**
EBITDA Margins	*81%*	*24%*	*45%*	*25%*	*26%*
Adj. EBITDA	**23.1**	**23.0**	**63.5**	**61.7**	**93.2**
Adj. EBITDA Margins	*29%*	*26%*	*28%*	*27%*	*29%*
Adj. EBIT	**18.4**	**18.5**	**50.2**	**48.5**	**76.6**
Adj. EBIT Margins	*24%*	*21%*	*22%*	*21%*	*24%*
Adj. Net Result	**42.9**	**6.7**	**49.9**	**18.8**	**21.1**
Adj. Net Result Margins	*55%*	*8%*	*22%*	*8%*	*6%*

HIGHLIGHTS FIRST NINE MONTHS 2023

- **Net Revenues** amounted to 223.3 mEUR (Q1-Q3 2022: 231.5 mEUR), a decrease of -4%.
- **Adj. EBITDA** amounted to 63.5 mEUR (Q1-Q3 2022: 61.7 mEUR), an increase of 3%.
- **EBITDA Adjustments** amounted to -37.7 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 and Notes 6 and 10 for details).
- **Adj. EBIT** amounted to 50.2 mEUR (Q1-Q3 2022: 48.5 mEUR), an increase of 4%.
- **Adj. Net Result** amounted to 49.9 mEUR (Q1-Q3 2022: 18.8 mEUR), an increase of 166% largely driven by the release of the AxesInMotion earn-out.
- **Net Interest-Bearing Debt** as of September 30, 2023 amounted to 305.4 mEUR (December 31, 2022: 273.9 mEUR), mostly driven by negative working capital effects.
- **Leverage Ratio** amounted to 3.2x as of September 30, 2023 (3.6x as of September 30, 2022 and 2.9x as of December 31, 2022) and improved year-over-year due to free cashflow and increased since the end of last year, mostly due to seasonality driven working capital effects which are expected to balance out until end of 2023. Target remains mid-term to be within 2.0-3.0x leverage.
- **Cash and Cash Equivalents** increased to 110.4 mEUR as of September 30, 2023, compared to 107.6 mEUR as of June 30, 2023 despite earn-out payments and bond buybacks driven by the strong free cashflow generation during the third quarter. Compared to December 31, 2022, the cash decreased primarily due to seasonal working capital effects as well as bond buybacks. Cash and cash equivalents remain strong, giving the Company a high degree of liquidity going forward.
- **Earnings Per Share (EPS)** amounted to EUR 0.26 undiluted / EUR 0.23 diluted (Q1-Q3 2022: EUR 0.06 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.31 undiluted / EUR 0.28 diluted (Q1-Q3 2022: EUR 0.12 undiluted / diluted).

A WORD FROM REMCO WESTERMANN, CEO

"Dear Shareholders,

I am pleased to report a successful quarter for MGI. While the macroeconomic environment and, as a result, advertising expenditures, are having a challenging year, we continued to gain market share and were able to slightly grow organically our FX-adjusted revenues, by compensating ad price decreases and overall lower ad budgets with growing our Software Client base.

In the third quarter of 2023, we generated revenues of EUR 78 million. We had 1% Organic Revenue Growth, while overall revenues declined 11% due to FX headwinds and divestments in the previous year. Our EBITDA margin is 29%, which is above last year (26%).

Lower overall marketing budgets still led to less demand on the advertising exchanges, which in turn leads to lower Advertising Cost (CPMs). According to a recent report by Adroll[1], CPMs in the U.S. (MGI 's most important market, representing approximately 66% of our revenues) were down by 33% in Q3'23 versus Q3'22. Our customers' loyalty remained high, leading to a retention rate of 96%. Even though we experienced these headwinds on the customer portfolio, we managed to keep our revenues stable by onboarding and scaling new customers. As such, we were able to further increase our market share.

In our strongest channel, the in-app advertising segment, we were able to further extend our market leading position by increasing our market share. Additionally, with CTV, our second strongest segment, we managed to grow our market share. In both channels, this growth was driven mainly by onboarding new customers. We were able to grow our total software client base with 9% versus Q3 last year, continuing our growth trend from the last few quarters. Apart from selling our supply via demand-side platforms (DSPs), we are also increasing our focus on direct relations with advertisers and agencies.

During turbulent times it is extremely important to prepare for the future and to maximize innovation in line with our mission 'Making Media Better'. Some of the important achievements in Q3 were improvements to the video capabilities of our SDKs, noteworthy CTV features, and adding exceptional innovations to our identity graph and contextual data capabilities. We are excited to announce that, after receiving great results from our elaborate tests, our in-house developed cookie-less on-device targeting solution, ATOM, is now being distributed to the broad market.

Another focus in Q3 was cost efficiency. The cost reduction program has been fully rolled out and has resulted in EUR 10 million per annum cost savings, which started to show positive effects already during the third quarter. We also made good progress in further reducing technology costs by ongoing ad-tech platform integrations.

We continue to show a strong operating cash flow amounting to EUR 28 million in Q3 2023. Our interest payments have increased based on overall higher Euribor rates. However, the impact was limited due to the fact that approximately 65% of our bond interest rates are hedged. Given our strong free cashflow generation we expect also to further reduce leverage during the fourth quarter to meet our mid-term financial targets.

We do not yet expect a real turnaround in the advertising market in the short-term due to a continuous negative macroeconomic environment and consequent uncertainties for our clients. However, we are very optimistic about the future given our strong positioning and the great opportunities we see for further Organic Revenue Growth in the coming periods.

Global market leader in mobile in-app advertising

Today, we are the world's leading marketplace for in-app advertising[2]. We have achieved this leadership position in in-app advertising over the past four years. Today, if a publisher wants to use premium advertising to monetize an app, Verve Group is a natural choice. Verve Group's advertising software platform can be thought of as a stock exchange. Advertising space is automatically sold to the highest bidder. This all takes place when a mobile user opens an app. On the one side of our platform, there are the advertisers and the ad-agencies who have a demand for advertising space. On the other side, there are publishers who have the supply (i.e. the advertising space). Data is used carefully to optimize this process. Therefore, our games portfolio which provides us with incredibly useful data for this optimization process plays an important role. We earn money from each ad space sold by receiving a share of the revenue.

According to Pixalate's latest research report, Verve holds the #1 position on Android and iOS in the U.S. with a market share of 11% and 28%, respectively[2]. In Europe, Verve is #2 on Android (15% market share) and #3 on iOS (9% market share). In APAC, Verve is also listed as one of the main exchanges for in-app advertising. For in-app our focus is on direct supply, either via integrating our SDK or via direct server to server connections. Direct supply is better for the advertisers as it reduces the cost of intermediaries and gives much more visibility. In this field Verve is also in a leading position, which was confirmed by a research by Jounce Media[3].

We are working on further increasing our direct publisher base, capabilities, features and demand by onboarding new partners. The in-app advertising market is currently far from saturated. To date, in-app has received only a minimal fraction of total advertising budgets. We anticipate this to drastically change as Verve Group uses its market-leading position to promote quality and transparency through direct supply paths and targeting innovation. Advertisers will profit from brand safe, fairly priced premium advertising and publishers will profit from additional demand.

Further increasing our position in connected TV

Our second strongest channel next to in-app advertising is the connected TV (CTV) market. This fast-growing sector offers enormous opportunities, and we aim to build a similarly strong market-leading position. Our history of anticipating industry trends puts us in a strong position to navigate this evolving landscape. As of today, we already have essentially 100% of the direct supply base, which is extremely rare in the current CTV market.

Focus on addressability & increasing effectiveness for the upcoming environment without identifiers

Targeting and avoiding advertising wastage is of utmost importance in the advertising industry. MGI has, via M&A but also via organic growth initiatives, put a lot of focus on this area. We are convinced that this is one of the main opportunities to Make Media Better. A strong data proposition can be used across all channels and for all types of targeting, such as brand advertising, but also performance advertising. In the last quarter, we have further worked on improving our internal technology around data, improving our ID-Graph, integrating more data from our O&O games portfolio and integrating external data sources such as Adelaide and Roq.Ads, as well as innovations such as Dataseat's groundbreaking new ML solution and contextual targeting with Moments.AI. Data from our owned and operated games portfolio is also a key differentiator helping us improve our ML programs.

We continue our strategic focus on delivering targeted advertising without the use of personal data or advertising identifiers such as cookies, Apple's IDFA or Google's GAID. We expect the need for such solutions to continue to grow, driven by market demand based on actions taken by Apple, Google and Facebook, as well as further privacy regulations. Apple is the most advanced, having already phased out its IDFA advertising identifier. It is therefore no coincidence that we have such a strong position on Apple devices. Google also plans to eliminate its GAID identifier and we expect to benefit from this as well. Apart from building our own contextual solution and working with alternative identifiers, we are also very involved and work closely together with Apple's SKAN and Google's Sandbox.

Some endorsements of excellence for MGI

MGI's commitment to Making Media Better has garnered recognition from trusted experts. Our latest endorsements underscore our dedication to setting new standards of quality, trust and transparency in the industry. Some examples:

- *In addition to Pixalate, Jounce Media has also recognized Verve Group's programmatic excellence particularly in mobile and CTV. These recognitions enhance our reputation and provide strong support in onboarding new clients.*
- *Industry renowned TPA Labs conducted an independent study on our contextual targeting solution, Moments.AI. solution. The study showed that Moments.AI's performance metrics outperform leading alternatives by up to 36x. Moments.AI's capabilities have also been recognized by IAB Europe and IAB U.K., positioning it as a game changer in contextual advertising.*
- *Verve's programmatic contextual UA DSP, Dataseat, introduces a groundbreaking ML solution optimizing SKAN-only campaigns. This innovation addresses current challenges faced by mobile marketers leading to a 25% decrease in cost per install (CPI) and a remarkable 64% higher installation rate (IPM) for a major mobile advertiser.*

In conclusion

MGI continues to navigate the dynamic advertising landscape with strength and resilience. We manage to keep our previous revenue levels even though advertising prices are at a lower level and existing customers have reduced or postponed budgets. In the meanwhile, we keep our cost under control.

Based on our leading position in mobile in-app advertising and in CTV, supported by our data capabilities and a verticalized multi-channel platform, MGI is well positioned to gain further market shares. We continue to onboard new customers and extend our product portfolio. Based on the expectation that advertising demand will come back and prices for ads will also increase in the near future, we expect that at that time we will experience the fruits from current investments."

Remco Westermann, CEO MGI SE

1: AdRoll – State of Digital Marketing Report Q4 2023, URL: https://www.adroll.com/state-of-digital-marketing-report

2: Pixalate's Q3 2023 Mobile Supply Side Platform (SSP) Market Share Report,
URL: https://www.pixalate.com/blog/pixalates-q3-2023-mobile-supply-side-platform-ssp-market-share-report?hs_preview=TcLJhXde-142944111191&utm_campaign=SSP%20Market%20Share%20Reports&utm_source=press%20release

3: Jounce Media - RTB Supply Path Benchmarking Report July 2023, URL: https://jouncemedia.com/research-portal/monthly-spo-reports-blog/july-2023#read

FINANCIAL PERFORMANCE

CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

THE THIRD QUARTER 2023

- **Net Revenues** amounted to 78.3 mEUR (Q3 2022: 87.6 mEUR), a decrease of -11% driven by divestments and FX headwinds in the amount of 10.2 mEUR. The FX-adjusted organic growth was positive and amounted to 1%.
- **Adj. EBITDA** amounted to 23.1 mEUR (Q3 2022: 23.0 mEUR), and therefore remained stable despite the decline in revenues year-over-year driven by efficiency gains following the executed cost saving program.
- **EBITDA Adjustments** amounted to -40.6 mEUR (Q3 2022: 1.6 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 and Notes 6 and 10 for details).
- **Adj. EBITDA Margin** improved by three percentage points in the third quarter of 2023 to 29% year-over-year (Q3 2022: 26%) driven by efficiency gains.
- **EBITDA** amounted to 63.7 mEUR (Q3 2022: 21.4 mEUR).
- **EBITDA Margin** improved in the third quarter of 2023 to 81% (Q3 2022: 24%) year-over-year due to the AxesInMotion earn-out release.
- **Adj. EBIT** amounted to 18.4 mEUR (Q3 2022: 18.5 mEUR), a decrease of -1%.
- **Adj. EBIT Margin** amounted to 24% and improved by three percentage points year-over-year (Q3 2022: 21%).
- **EBIT Adjustments** consisted of the EBITDA adjustments mentioned above plus PPA amortization in the amount of 3.7 mEUR.
- **EBIT** increased to 55.4 mEUR (Q3 2022: 13.3 mEUR).
- **Adj. Net Result** amounted to 42.9 mEUR (Q3 2022: 6.7 mEUR), an increase of 537% driven by the AxesInMotion earn-out release.
- **The Net Result** amounted to 39.2 mEUR (Q3 2022: 3.1 mEUR), an increase of 1,162% driven by the AxesInMotion earn-out release.
- **Earnings Per Share (EPS)** amounted to EUR 0.25 undiluted / EUR 0.22 diluted (Q3 2022: EUR 0.02 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.27 undiluted / diluted 0.24 (Q3 2022: EUR 0.04 undiluted / diluted).

THE FIRST NINE MONTHS OF 2023

- **Net Revenues** amounted to 223.3 mEUR (Q1-Q3 2022: 231.5 mEUR), a decrease of -4% driven by divestments and FX headwinds while organic growth remained positive during the first nine months.
- **Adj. EBITDA** amounted to 63.5 mEUR (Q1-Q3 2022: 61.7 mEUR), an increase of 3% driven primarily by efficiency gains from technology costs.
- **EBITDA Adjustments** amounted to -37.7 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 and Notes 6 and 10 for details).
- **Adj. EBITDA Margin** improved by one percentage point in the first three quarters of 2023 amounting to 28% (Q1-Q3 2022: 27%).
- **EBITDA** amounted to 101.2 mEUR (Q1-Q3 2022: 58.3 mEUR), an increase of 74%.
- **EBITDA Margin** increased to 45% in Q1-Q3 2023 (Q1-Q3 2022: 25%).
- **Adj. EBIT** amounted to 50.2 mEUR (Q1-Q3 2022: 48.5 mEUR), an increase of 4%.
- **Adj. EBIT Margin** amounted to 22% (Q1-Q3 2022: 21%).
- **EBIT Adjustments** consisted of the EBITDA adjustments mentioned above plus PPA amortization in the amount of 8.6 mEUR.
- **EBIT** increased to 79.3 mEUR (Q1-Q3 2022: 35.0 mEUR).
- **Adj. Net Result** amounted to 49.9 mEUR (Q1-Q3 2022: 18.8 mEUR), an increase of 166% driven by the AxesInMotion earn-out release.
- **The Net Result** amounted to 41.3 mEUR (Q1-Q3 2022: 8.7 mEUR), an increase of 376%.
- **Earnings Per Share (EPS)** amounted to EUR 0.26 undiluted / EUR 0.23 diluted (Q1-Q3 2022: EUR 0.06 undiluted / diluted). EPS adjusted for PPA-amortization amounted to EUR 0.31 undiluted / EUR 0.28 diluted (Q1-Q3 2022: EUR 0.12 undiluted / diluted).

EBITDA ADJUSTMENTS

in kEUR	Q1 2023	Q2 2023	Q3 2023	Q1-Q3 '23
EBITDA	**17,426**	**19,985**	**63,740**	**101,151**
Personnel expenses	937	672	4,714	**6,323**
Legal and Advisory costs	692	230	13,976	**14,899**
Other Expenses	0	409	3,433	**3,843**
Other operating income	0	0	-62,756	**-62,756**
Adj. EBITDA	**19,055**	**21,297**	**23,108**	**63,460**

- **EBITDA Adjustments** amounted to -40.6 mEUR (Q3 2022: 1.6 mEUR) in the third quarter. The adjustment of the other operating income relates to the release of the AxesInMotion earn-out liability, the personnel expenses relate primarily to the restructuring expenses as part of the cost saving program in addition to expenses for the ESOP program. The legal and advisory cost relate primarily to the restructuring program as well as post M&A legal and advisory costs. Other expenses consist of the ERP migration and customization as well as a caretaker mode for seven years for several accounting softwares to be able to fulfill legal requirements in certain jurisdictions, as well as rent as part of office closures following the initiation of the cost saving program resulting in a headcount reduction (see table EBITDA adjustments and Notes 6 and 10 for details).

CASH FLOW AND FINANCIAL POSITION

- **Operating Cash Flow** before changes in working capital amounted to 5.0 mEUR in Q3 2023 (Q3 2022: 19.2 mEUR), a decrease of -74% primarily driven by accruals for one-time costs for the restructuring of the media business as well as post-M&A related legal and advisory costs. Operating Cash Flow after changes in working capital amounted to 27.8 mEUR in Q3 2023 (Q3 2022: 22.2 mEUR) an increase of 25%. The working capital effect in the amount of 22.8 mEUR was primarily driven by accruals for one-time cost as described above.
- **The Equity Ratio** improved significantly to 37% as of September 30, 2023 (December 31, 2022: 31%) driven primarily by the increase in retained earnings combined with the reduction in liabilities.
- **Cash and Cash Equivalents** increased to 110.4 mEUR as of September 30, 2023, compared to 107.6 mEUR as of June 30, 2023, despite earn out payments and bond buybacks driven by the strong free cashflow generation during the third quarter. Compared to December 31, 2022, the cash decreased primarily due to seasonal working capital effects as well as bond buybacks. Cash and cash equivalents remain strong, giving the Company a high degree of liquidity going forward.
- **Net Interest-Bearing Debt** as of September 30, 2023, amounted to 305.4 mEUR (December 31, 2022: 273.9 mEUR).
- **Leverage Ratio** amounted to 3.2x as of September 30, 2023 (3.6x as of September 30, 2022 and 2.9x as of December 31, 2022) and improved year-over-year due to the free cashflow and increased since end of last year driven by seasonal working capital effects which are expected to balance out by end of 2023. Target remains to be within 2.0-3.0x leverage mid-term.
- **Interest Coverage Ratio** was 2.7x as of September 30, 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 third quarter 2023 into self-developed software via capitalized own work amounted to 6.3 mEUR (Q3 2022: 7.6 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. It 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 8% (9% in in Q3 2022). Following the investment into an identity graph in the previous quarter, 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 third quarter of 2023 increased slightly to 8.3 mEUR (Q3 2022: 8.1 mEUR). The Company's intangible assets increased from 791.3 mEUR on December 31, 2022 to 811.6 mEUR on September 30, 2023.
- **The Company's liabilities** decreased to 635.9 mEUR on September 30, 2023 compared to 722.9 mEUR on December 31, 2022 as a result of the reversal of the AxesInMotion earn-out, a reduction of trade payables, bond buybacks, paid deferred purchase prices and reduced accruals and provisions for restructuring expenses as well as legal and advisory cost.

BUSINESS UPDATE

VERVE GROUP AT THE DIGITAL MARKETING EXPOSITION & CONFERENCE (DMEXCO)

A major highlight of Q3 2023 was the Digital Marketing Exposition & Conference (DMEXCO), Europe's biggest media and tech event (40,000+ attendees). DMEXCO 2023 was Verve Group's largest and most successful event to-date. MGI, via its media brand Verve Group and Smaato, made waves with a next-level booth presence that included spaces for meetings, collaboration, networking and more. In combination with the DMESXO event, Smaato also executed a digital marketing campaign to drive further drive brand visibility. At the DMEXCO event, Verve debuted the all-new user interface for Verve DSP. At DMEXCO, Verve also unveiled the new partnership with Amazon Publishing Services (APS). The PubNative / APS integration has now expanded its reach in 70 markets. The APS partnership also gave PubNative access to even more direct high-performing supply. At DMEXCO, Verve Group proved itself as an industry force, exhibiting alongside the likes of Google, PubMatic, The Trade Desk, Snap, Index Exchange, Sharethrough and Triplelift.

THOUGHT LEADERSHIP AND NOTABLE MEDIA PLACEMENTS

MGI's, via its media brand Verve Group, thought leadership initiative continued gaining traction in Q3. Experts from MGI's Verve Group, Smaato, Match2One and Dataseat were regularly featured in major media outlets, sharing insights about themes that matter to Verve Group's business objectives.

This quarter's thought leadership themes again included privacy and contextual advertising; Verve also significantly ramped up the visibility for the increasingly important topic of innovations in user acquisition for mobile. Highlights include:

- Advertising Week published an article on how advancements in contextual advertising are solving age-old pain points for marketers
- Performance Marketing World ran another piece by Verve, emphasizing the needs and opportunities to transform advertising while protecting users' privacy.
- The news of integrating Moments.AI's contextual capabilities with Match2One's intuitive platform was covered by ExchangeWire and Mediashotz.
- In Digiday's pre-DMEXCO coverage, Verve Group was called "an American heavyweight," alongside Magnite, PubMatic, Index Exchange and Freewheel.
- Marketecture.TV recorded an in-depth discussion about mobile user acquisition and contextual advertising in an identifier-free world with the Dataseat leadership team.

Thanks to our involvement in important industry groups such as IAB Europe and IAB U.K., Verve Group bolstered thought leadership by providing expert speakers for panels, educational events and more. IAB Europe's "Unpacking Omnichannel" virtual event featured Smaato. Verve's involvement with IAB U.K. also led to being quoted in multiple pieces published on The Drum. Verve Group was a featured contributor to a number of high-visibility industry publications, including VideoWeek's guide to CTV and IAB Europe's guide to retail media.

INDEPENDENT ENDORSEMENTS OF EXCELLENCE

Earning recognitions from respected, trusted experts helped Verve Group stand out in Q3, even in the highly competitive ad-tech landscape.

As discussed in the Q2 interim report, Pixalate and Jounce Media's latest reports recognized Verve Group's programmatic excellence, especially for premium supply and scale on mobile and CTV. These endorsements fueled important conversations throughout Q3. This quarter we also shared how TPA Digital / TPA Labs performed an independent study of Moments.AI (Verve Group's contextual advertising platform), that measured campaign performance based on recency and relevance. TPA Digital compared Moments.AI against two top contextual solutions and concluded that Moments.AI outperformed the leading market alternatives by 36x. Originally published in July, the case study has since been featured by IAB Europe and IAB U.K.

NEW PARTNERSHIPS OF VERVE GROUP

In addition to innovating and enhancing its product offerings, Verve Group builds strong partnerships to help clients meet their objectives. In Q3, this included onboarding Givsly to help advertisers reach their CSR goals. This new partnership offers clients a new ad unit that drives engagement while boosting brand sentiment. Advertisers and brands can now easily integrate donation messaging into static, rich media, video and CTV creatives.

This quarter, Verve Group also expanded partnership with Adelaide Metrics, the industry's foremost attention measurement provider. The enhanced partnership helps Smaato's exchange track the valuable attention metrics needed for today's media strategy. In collaboration with TVision, this offering brings attention tracking to connected television (CTV).

To further strengthen Verve Group's performance abilities as advertising must move away from traditional identifiers, we've chosen Roqad as a new identity partner. Integrating Roqad's identity graph and data onboarding will help Verve Group continue to provide exceptional targeting abilities, despite the advertising industry's ongoing addressability challenges.

NEW PUBLISHERS ONBOARDED

In Q3, Verve Group again onboarded many important publishing partners that will help advance our goal of offering the highest-quality ad inventory supply, no matter the channel.

Connected TV: Hearst Television (a national multimedia company reaching 21 million U.S. television households); Rakuten TV (video-on-demand streaming with 180,000+ titles); Vizio (whose CTV platform banked 17.4 billion viewing hours last year); and TCL (Google TV's largest partner).

Digital publishers and non-games apps: Tribune Publishing (home of *The Chicago Tribune*, *The Baltimore Sun*, and *The Orlando Sentinel*, to name a few); VerticalScope (digital publisher with a portfolio of 1,200+ online communities and 100+ million monthly active users); Zealium Media (esports-focused media owner and performance marketing business); SmartNews (news app downloaded by 50+ million readers in 150+ countries); and Audiomack (artist-first music streaming platform allowing creators to share unlimited music and podcast content for free.)

Games: Popcore (a recent addition to Zynga's hyper-casual game division); Super Free Games (one of the world's largest developers of word and trivia games); and Tripledot Studios (ranked by *The Financial Times* as the fastest-growing company in Europe).

PARTNERING WITH EPIC GAMES

With EPIC Games, MGI won another major player as a partner to push Gamigos Lineup in the future. A first title is to be released in the Epic Game Store at the end of 2023 / beginning of 2024. Through the EPIC Game Store, MGI will be able to reach well over 200 million players. Further talks with potential partners took place during GamesCom, which will provide Gamigo to potentially access several million additional players in the quarters to come.

WIZARD 101 MAJOR UPDATE – THE CRYING SKY RAID

The team is dropping from the sky some fun and challenging new content and a bunch of updates to other features, starting with the new Crying Sky Raid! In addition to the new Crying Sky Raid and Name / Gender Change options, this update also includes Challenge Mode improvements (get all the details on how Challenge Mode works below), Beastmoon event updates and new in-person Pet Kiosk features!

CORPORATE EVENTS

MGI CAPITAL MARKETS DAY 2023

On August 31, 2023 MGI invited investors, analysts and the media to its Capital Markets Day ("CMD"). The aim of the Capital Markets Day was to provide an update on MGI's strategy and a deeper insight into current developments within the programmatic advertising business and MGI's positioning. The CMD featured presentations from Company representatives as well as presentations from external experts. The results for the second quarter of 2023 were also presented during the CMD. The recording of the Capital Markets Day can be accessed via the following link: https://ir.financialhearings.com/media-and-games-invest-cmd-2023/register.

IONUT CIOBOTARU DEPARTS COMPANY

On July 12, 2023 MGI announced that Ionut Ciobotaru decided to step down as Chief Product Officer (CPO) of MGI and depart the Company. Ionut joined MGI in 2019 with the Company's acquisition of PubNative, which was founded by Ionut in 2014. After the acquisition, Ionut became co-CEO of Verve Group and was appointed CPO of MGI in 2022. After nearly 10 years of intense focus and successful growth, Ionut has decided to step back in order to take time to recharge, after which he plans to reenter the start-up landscape. Ionut's day-to-day responsibilities will be assumed by Sameer Sondhi, CEO of Verve and CRO of MGI, and Prasanna Prasad, CTO of Verve. The transition in leadership is expected to occur seamlessly, and MGI will maintain its current direction and plans for innovation and growth.

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.

SECURITY AWARENESS TRAINING

During the last year, MGI conducted security awareness trainings which is a critical component of MGI's overall cybersecurity strategy. It involves educating employees about the potential security risks and threats they may encounter in the digital landscape and teaching them how to protect sensitive information. The goal is to promote a security-conscious culture within the organization and empower employees to play an active role in safeguarding Company data and IT resources.

By the end of the third quarter, 83% of MGI's employees had already successfully completed the training. For MGI, security awareness training is an ongoing process as the threat landscape continues to evolve and new risks emerge. Regular updates, refresher courses and simulated exercises (e.g. phishing simulations) will continue to be used to keep employees alert to evolving cyber threats. For MGI, a well-trained and aware workforce is a critical defense against cyber threats.

GUIDANCE FOR FISCAL YEAR 2023

On May 31, 2023 MGI – Media and Games Invest SE published its guidance for the fiscal year 2023. On August 31, 2023 MGI – Media and Games Invest SE published its updated guidance for the fiscal year 2023.

	FY 2022	Normalized FY2022[1]	Guidance FY 2023	Reiterated Guidance FY 2023
Revenue (in €m)	**324**	**303**[1]	**335-345**	**At Normalized 2022 levels**[2]
Growth	29%	20%[1]	3-7%	
Adj. EBITDA (in €m)	**93**	**93**	**95-105**	**At 2022 levels**
Growth	31%	31%	2-13%	

Note (1): Normalized revenue performance for divestments and fx (2) Compared to normalized revenue of 2022.

REITERATED GUIDANCE FY2023

The world around us has changed, and as such we also must adapt our expectations. While we are 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 expect lower organic growth during 2023 and therefore expect Revenues[1] and Adj. EBITDA at 2022 levels. 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. Depending on the overall macroeconomic development, advertising spend might also develop more positively, which provides an upside to the conservative updated guidance.

EVENTS AFTER SEPTEMBER 30, 2023

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 no later than February 28, 2024.

SONJA LILIENTHAL TO DEPART COMPANY

On November 30, 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 will leave 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.

CONDENSED CONSOLIDATED STATEMENT OF INCOME, MGI GROUP

in kEUR	Notes	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenues						
Net revenues	9	78,336	87,618	223,269	231,548	324,444
Own work capitalized		6,328	7,634	19,966	20,767	28,928
Other operating income	10	64,394	5,699	66,779	17,381	23,206
Total Income		**149,058**	**100,952**	**310,014**	**269,696**	**376,578**
Operating Expenses						
Services purchased & other operating expenses	11	-64,151	-59,960	-149,278	-157,000	-215,619
Personnel expenses	12	-21,168	- 19,620	-59,585	-54,413	-76,207
Total operating expenses		**-85,318**	**-79,580**	**-208,863**	**-211,413**	**-291,825**
EBITDA		**63,740**	**21,372**	**101,151**	**58,283**	**84,753**
Depreciation and amortization	13	-8,324	-8,107	-21,871	-23,270	-58,135
Thereof: PPA Amortization		-3,657	-3,625	-8,590	-10,084	-41,490
EBIT		**55,416**	**13,265**	**79,280**	**35,013**	**26,618**
Financial result		-12,770	-8,817	-35,967	-23,182	-37,959
EBT		**42,646**	**4,448**	**43,313**	**11,831**	**-11,341**
Income Taxes		-3,408	-1,338	-2,000	-3,149	-9,064
Net Result		**39,238**	**3,109**	**41,313**	**8,683**	**-20,405**
of which attributable to non-controlling interest		-21	-70	-515	-83	-88
of which attributable to shareholders of the parent company		**39,260**	**3,179**	**41,828**	**8,766**	**-20,317**
Add-back of PPA-Amortization		3,657	3,625	8,590	10,084	41,490
Adj. Net Result		**42,895**	**6,734**	**49,903**	**18,767**	**21,085**
Earnings per share						
Undiluted		**0.25**	**0.02**	**0.26**	**0.06**	**-0.13**
Diluted		**0.22**	**0.02**	**0.23**	**0.06**	**-0.12**
Average number of shares						
Undiluted		**159,249**	**159,249**	**159,249**	**155,148**	**156,182**
Diluted		**177,449**	**159,249**	**177,449**	**155,148**	**174,382**

Note: numbers may not add up due to rounding

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MGI GROUP

in kEUR	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Consolidated profit / loss	**39,238**	**3,109**	**41,313**	**8,683**	**-20,405**
Items that will be reclassified subsequently to profit and loss under certain conditions:					
Exchange differences on translating foreign operations	9,251	21,827	2,996	47,625	11,191
Gain / Loss of financial assets	0	-1,111	-132	-14,558	-6,392
Gain / Loss of hedging instruments	-147	0	746	0	545
Other comprehensive income, net of income tax	**9,105**	**20,716**	**3,610**	**33,067**	**5,345**
Total comprehensive income	**48,343**	**23,826**	**44,924**	**41,750**	**-15,061**
Attributable to:					
Owners of the Company	**48,364**	**23,895**	**45,439**	**41,833**	**-14,972**
Non-controlling interests	**-21**	**-70**	**-515**	**-83**	**-88**

Note: numbers may not add up due to rounding

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, MGI GROUP

in kEUR	Notes	30 Sep 23	31 Dec 22
Intangible assets	4, 5	811,619	791,284
Property, plant and equipment		3,769	5,522
Financial assets and other assets		11,104	26,831
Long-term assets		**826,491**	**823,637**
Trade and other receivables		68,653	71,030
Cash and cash equivalents		110,385	149,992
Short-term assets		**179,038**	**221,022**
Total assets		**1,005,529**	**1,044,659**
Equity attributable to shareholders of the parent company	8	369,461	322,956
Non-controlling interest		188	-1,211
Total equity		**369,649**	**321,745**
Long-term liabilities	6	**448,793**	**503,443**
Short-term liabilities	7	**187,087**	**219,471**
Total liabilities and equity		**1,005,529**	**1,044,659**

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
Balance at 1 Jan 2022	**149,680**	**149,680**	**84,571**	**53,141**	**21,678**	**-1,637**	**307,434**	**59**	**307,492**
Consolidated profit					-20,317		-20,317	-88	-20,405
Other comprehensive income						5,345	5,345		5,345
Total comprehensive income					**-20,317**	**5,345**	**-14,972**	**-88**	**-15,061**
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
Balance at 31 December 2022	**159,249**	**159,249**	**103,518**	**55,119**	**1,362**	**3,708**	**322,956**	**-1,211**	**321,745**
Balance at 1 Jan 2023	**159,249**	**159,249**	**103,518**	**55,119**	**1,362**	**3,708**	**322,956**	**-1,211**	**321,745**
Consolidated profit					41,828		41,828	-515	41,313
Other comprehensive income						3,610	3,610	18	3,628
Total comprehensive income					**41,828**	**3,610**	**45,439**	**-498**	**44,941**
Capital increases							0		0
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				1,062			1,062		1,062
Other Reserves from Hedging Instruments							0		0
Other Equity reserves						4	4		4
Balance at 30 Sep 2023	**159,249**	**159,249**	**103,518**	**56,181**	**43,190**	**7,322**	**369,460**	**189**	**369,649**

Note: numbers may not add up due to rounding.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP

in kEUR	Notes	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Cash flow from operating activities (before change in WC)		**5,028**	**19,190**	**43,521**	**53,498**	**78,936**
Change in working capital		*22,782*	*2,984*	*-11,259*	*6,320*	*55,284*
Cash flow from operating activities		**27,810**	**22,174**	**32,262**	**59,817**	**134,220**
Cash flow from investing activities		**-10,244**	**-25,507**	**-26,241**	**-174,940**	**-176,672**
Cash flow from financing activities		**-14,772**	**-3,641**	**-45,882**	**53,389**	**12,288**
Cash flow for the period		**2,794**	**-6,974**	**-39,862**	**-61,734**	**-30,164**
Cash and cash equivalents at the beginning of the period		107,591	125,396	149,992	180,156	180,156
Cash and cash equivalents at the end of the period		**110,384**	**118,422**	**110,130**	**118,422**	**149,992**

Note: numbers may not add up due to rounding.

STATEMENT OF INCOME, PARENT ENTITY

in kEUR	Notes	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenues						
Net revenues		129	0	334	253	253
Other operating income		78	6	244	15	1,324
Total Income		**206**	**6**	**579**	**268**	**1,577**
Operating Expenses						
Services purchased & other operating expenses		944	-2,314	-6,233	-9,387	-14,784
Personnel expenses		-454	-326	-1,409	-1,218	-3,125
Total operating expenses		**490**	**-2,640**	**-7,643**	**-10,605**	**-17,909**
EBITDA		**696**	**-2,634**	**-7,064**	**-10,337**	**-16,332**
Depreciation and amortization		0	0	0	0	0
EBIT		**696**	**-2,634**	**-7,064**	**-10,337**	**-16,332**
Financial result		-6,664	-1,748	-16,517	-4,567	-7,910
EBT		**-5,967**	**-4,382**	**-23,581**	**-14,904**	**-24,242**
Income Taxes		0	0	0	0	0
Net Result		**-5,967**	**-4,382**	**-23,581**	**-14,904**	**-24,242**

Note: numbers may not add up due to rounding.

STATEMENT OF FINANCIAL POSITION, PARENT ENTITY

in kEUR	Note	30 Sep 23	31 Dec 22
Intangible assets		0	0
Property, plant and equipment		0	0
Financial assets and other assets		304,263	314,925
Long-term assets		**304,263**	**314,925**
Trade and other receivables		285,468	296,763
Cash and cash equivalents		2,711	12,147
Short-term assets		**288,179**	**308,909**
Total assets		**592,442**	**623,834**
Equity attributable to shareholders of the parent company		204,672	227,323
Total equity		**204,672**	**227,323**
Long-term liabilities		**382,850**	**390,958**
Short-term liabilities		**4,920**	**5,554**
Total liabilities and equity		**592,442**	**623,834**

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 three-month period ended September 30, 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 September 30, 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 nine-month period ended September 30, 2023.

The consolidation scope of the reviewed condensed consolidated financial statements as of September 30, 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

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). 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 since January 1, 2022 to reflect the new structure of the Company. 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:

a) **Demand Side Platforms (DSP)**: Which bundle the demand from advertisers and agencies for new users within the Demand Side Platform.

b) **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.

The foundations of MGI's DSP segment were built via acquiring Demand Side Platforms including Platform161, VGI CTV (formerly known as LKQD), Match2One and Adspree Media.

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 spent 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.

The foundations of MGI's SSP segment were built via amongst others the acquired Supply Side Platforms including Smaato and Pubnative as well as the Games Companies like KingsIsle, WildTangent and TrionWorlds.

b) Segment revenues and segment results

I. Q3 2023

in kEUR	DSP Jul-Sep-23	SSP Jul-Sep-23	CONSOLIDATED Jul-Sep-23
Revenues	**8,824**	**69,512**	**78,336**
EBITDA	**2,150**	**61,590**	**63,740**
Depreciation and amortization			-8,324
Financing income			767
Financing expenses			-13,537
Earnings before taxes (EBT)			**42,646**
Income taxes			-3,408
Net result			**39,238**

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

II. Q1-Q3 2023

in kEUR	DSP Jan-Sep 23	SSP Jan-Sep 23	CONSOLIDATED Jan-Sep 23
Revenues	**22,921**	**200,348**	**223,269**
EBITDA	**4,561**	**96,590**	**101,151**
Depreciation and amortization			-21,871
Financing income			1,563
Financing expenses			-37,529
Earnings before taxes (EBT)			**43,313**
Income taxes			**-2,000**
Net result			**41,313**

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

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.

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	**30 Sep 2023**	**31 Dec 2022**
DSP	84,687	85,912
SSP	920,842	958,747
Total	1,005,529	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.

NOTE 4 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill in Q1-Q3 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	30 Sep 2023	31 Dec 2022
Goodwill	588,872	587,739
Other Intangibles	222,747	203,545

NOTE 5 DISPOSALS

There were no material sales or disposals in Q3 2023.

NOTE 6 LONG-TERM LIABILITIES

As of September 30, 2023, the long-term liabilities of MGI decreased by 54,649 kEUR to 448,793 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. The decrease of 54,649 kEUR was primarily driven by the AxesInMotion earn-out release of 62,756 kEUR to reflect the fair value of the earn-out liability as of September 30, 2023.

At the transaction date 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 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 September 30, 2023, the remaining liability for the AxesInMotion earn-out is 14,912 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 years 2023 and 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 decreased by 32,384 kEUR on September 30, 2023 to 187,087 kEUR compared to 219,471 kEUR on December 31, 2022, mainly affected by reduced account payables and the release and partial payment of the deferred purchase price and earn-out for the acquisition of AxesInMotion S.L. during the first nine months of 2023.

NOTE 8 SHAREHOLDERS' EQUITY

As of September 30, 2023, the total shareholders' equity increased to 369,649 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 September 30, 2023 (December 31, 2022: 159,249 kEUR).

No dividends were paid in Q3 2023.

NOTE 9 NET REVENUES

MGI achieved in Q3 2023 net revenues of 78,336 kEUR (Q3 2022: 87,618 kEUR). The decrease of 9,282 kEUR was driven by FX headwinds as well as by the divestments. Organic Revenue Growth amounted to 1%.

NOTE 10 OTHER OPERATING INCOME

In Q3 2023 MGI achieved other operating income of 64,394 kEUR (Q3 2022: 5,699 kEUR). The increase of 58,694 kEUR was driven primarily by the AxesInMotion earn-out release of 62,756 kEUR to reflect the fair value of the earn-out liability as of 30 September 2023 as discussed in Note 6 above.

NOTE 11 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q3 2023, MGI discloses services purchased and other operating expenses of 64,151 kEUR (Q3 2022: 59,960 kEUR). The increase of 4,191 kEUR was driven by restructuring expenses as well as post M&A legal and advisory costs.

NOTE 12 PERSONNEL EXPENSES

In Q3 2023, the personnel expenses increased by 1,548 kEUR to 21,168 kEUR (Q3 2022: 19,620 kEUR). This increase is driven by restructuring expenses as part of the annual cost saving plan.

NOTE 13 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q3 2023 to 8,324 kEUR (Q3 2022: 8,107 kEUR) and therefore increased only slightly year-over-year.

NOTE 14 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 September 30, 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 September 30, 2023, as well as 1,200 kEUR bonds with ISIN SE0018042277. In Q1-Q3 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 September 30, 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 September 30, 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 September 30, 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.

Jens Knauber is COO of the Company. He is Managing Director of elbdiamond digital GmbH.

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.

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

NOTE 15 OTHER DISCLOSURES

There are no new significant litigations or claims in Q3 2023.

NOTE 16 SHAREHOLDERS[1, 2]

1	Bodhivas GmbH (Remco Westermann, Board Member & CEO)	27.31%
2	Oaktree Capital Management LLP	17.66%
3	Sterling Strategic Value Fund	5.06%
4	Case Kapitalförvaltning	2.09%
5	Trend Finanzanalysen GmbH	1.62%
6	Nordnet Pensionsförsäkring	1.48%
7	PAETA Holdings Limited	1.44%
8	Anthony Gordon	1.05%
9	Dawn Fitzpatrick	1.03%
10	Smile Autovermietung GmbH	0.99%
11	Elizabeth Para (Board Member)	0.95%
12	Billings Capital Management LLC	0.94%
13	Avanza Pension	0.93%
14	Tobias Weitzel (Board Member)	0.76%
15	T.E.L.L. Vervaltung GmbH	0.66%
16	Sascha Golshan	0.63%
17	Didner & Gerge Fonder	0.59%
18	Sebastian Krueper	0.36%
19	Genève Invest (Europe) S.A.	0.30%
20	Stena	0.23%

Note (1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, as of September 30, 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. Verwaltungs 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.

DEFINITONS 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 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 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 100 kUSD

PARENT COMPANY

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

FINANCIAL CALENDAR

Year End Report Q4 2023	29.02.2024
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 been subject to review by the Company’s auditor.
- shown on the following page -

Deloitte.

Auditor's Review Report

Introduction
We have reviewed the the condensed interim financial information (interim report) of MGI - Media and Games Invest SE as of 30 September 2023 and for the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm 30 November 2023

Deloitte AB

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Christian Lundin
Authorised Public Accountant

INVESTOR CONTACT

The latest information on the Company is published on its website www.mgi-se.com. The Company can be contacted by email info@mgi-se.com or soeren.barz@mgi-se.com.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Remco Westermann, CEO
Email: info@mgi-se.com or 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 30 September 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, November 30, 2023

Approved: Board of Directors

Tobias M. Weitzel
Chairman

Elizabeth Para
Director

Franca Ruhwedel
Director

Mary Ann Halford
Director

Johan Roslund
Director

Remco Westermann
Director

The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 am CET on Thursday, 30, November, 2023.

MGI - Media and Games Invest SE

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Sweden

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