



# INTERIM REPORT Q1 2022

MEDIA AND GAME INVEST GROUP "MGI"



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Media and Game Invest SE "MGI"

All figures are preliminary consolidated group figures

### 18% ORGANIC REVENUE GROWTH AND 26% INCREASE IN SOFTWARE CLIENTS

"We are pleased to report a successful start into 2022, exceeding the expected revenue and EBITDA growth rates reflected in our 2022 Guidance. Following the transformation into an Advertising Software Platform with our own first-party games content, we were again able to show strong organic growth, with 18% organic growth in Q1 '22, which tends to be a seasonally softer quarter in the advertising industry. In line with this growth, we were also able to increase the number of our software clients by almost 26%. This encouraging performance is underlined by our strong profitability as well as cash generation capability. Despite record investments in personnel to fuel further growth, we achieved an adj. EBITDA margin of 27% as well as an operating cash flow of EUR 16.3m, which reflects an increase of 45% compared to Q1 '21. With further investments into long-term organic growth, which are also reflected in our additional staffing initiatives, we are incredibly well-positioned for further strong organic growth in the coming quarters and years.", says Remco Westermann, CEO & Chairman of MGI.

## HIGHLIGHTS Q1 2022

- **Net Revenues** amounted to 65.9 mEUR (Q1'21: 51.9 mEUR), an increase of 27% compared to Q1'21, where 18% was contributed by Organic Revenue Growth.
- **Adj. EBITDA** amounted to 17.6 mEUR (Q1'21: 13.5 mEUR), an increase of 30%.
- **Adj. EBIT** amounted to 13.6 mEUR (Q1'21: 9.3 m EUR), which is an increase of 45%.
- **Adj. Net Result** amounted to 5.7 mEUR (Q1'21: 4.9 mEUR), an increase of 16%.
- **Net Interest-Bearing Debt** as of March 31, 2022 amounted to 219.7 mEUR (December 31, 2021: 198.6 mEUR).
- **Leverage Ratio** amounted to 2.9x as of March 31, 2021 (2.8x as per December 31, 2021).
- **Cash and Cash Equivalents** including credit lines amounted to 169.2 mEUR as of March 31, 2022, compared to 188.9 mEUR as of December 31, 2021. This decrease was primarily due to the first earn-out payment related to the KingsIsle acquisition achieving certain revenue targets
- **Earnings Per Share (EPS)** undiluted / diluted amounted to EUR 0.02 (Q1'21: undiluted / diluted EUR 0.02). EPS undiluted / diluted adjusted for PPA-amortization amounted to EUR 0.04 (Q1'21: undiluted / diluted EUR 0.04).

### SELECTED KEY PERFORMANCE INDICATORS, MGI GROUP

In mEUR	Q1 2022	Q1 2021	FY 2021
<b>Net Revenues</b>	65.9	51.9	252.2
<b>YoY Growth in revenues</b>	27%	96%	80%
<b>EBITDA</b>	16.9	12.1	65
<b>EBITDA margins</b>	26%	23%	26%
<b>Adj. EBITDA</b>	17.6	13.5	71.1
<b>Adj. EBITDA margins</b>	27%	26%	28%
<b>Adj. EBIT</b>	13.6	9.3	54.8
<b>Adj. EBIT margins</b>	21%	18%	22%
<b>Adj. Net Result</b>	5.7	4.9	28.0
<b>Adj. Net Result margins</b>	9%	9%	11%



## A WORD FROM REMCO WESTERMANN, CEO

*"We are pleased to report a successful start to 2022, exceeding the expected revenue and EBITDA growth rates reflected in our 2022 Guidance. Following the transformation into an Advertising Software Platform with our own first-party games content, we were again able to realize strong organic growth in Q1 '22 (+18%), which tends to be a seasonally softer quarter in the advertising industry. We were also able to substantially increase the number of our software clients (+26%), which is a good basis to drive further growth throughout the rest of the year. This encouraging performance is underlined by our strong profitability as well as cash generation capability. Despite record investments in personnel to fuel further growth, we achieved an adj. EBITDA margin of 27% as well as an operating cash flow of EUR 16.3m which reflects a year-over-year increase of 45%. With further investments into long-term organic growth, which are also reflected in our additional staffing initiatives, we are incredibly well-positioned for further strong organic growth in the coming quarters and years.*

*Not only were we able to add new software clients to our platform, but we were once more able to increase sales volumes of our existing software clients. This is reflected by a remarkable net dollar expansion rate of 125%. Core elements of this success are our strong team, our first-party games content and our expertise in cross-channel campaigns for brands.*

*With more than 5,000 casual and mobile games and more than 10 premium games in our portfolio, +800 million registered players, and more than 5,000 direct publisher integrations via our SDKs connecting up to two billion users, we have built one of the largest proprietary first-party data platforms in the advertising market.*

*First-party data is used to feed proprietary algorithms and artificial intelligence applications to learn and to improve performance for the advertisers, as well as for the publishers. By taking an omnichannel approach, rather than focusing on just one channel, we expect this "learning process" to further improve and give us a significant competitive advantage, although we are expecting another one or two years for this strategy to fully come to fruition.*

*In an advertising market which is heavily disrupted based on identifiers disappearing, first-party data offers strong advantages, which is why we are fully convinced of its importance in the long term. First-party data enables better targeting and greater transparency in the reporting and monitoring of advertising campaigns and reduces susceptibility to fraud. It also reduces reliance on third-party data, which is increasingly regulated and scarce. Recent changes in the industry have made it hard to predict exactly how much, or which forms, of third-party data will be available in 3, 5, or 10 years. Finally, first-party data allow us to keep a significant share of margin in-house which, otherwise, would be shared with the third-party publishers.*

*The combination of our games with our advertising technology and our data-centric approach is a notably strong combination which will be bolstered in the future through a combination of organic and acquisitive growth. Our vertically integrated, multi-channel offerings are also a further competitive advantage.*

*In line with our strategic focus on our Ad-Platform with first-party games data, we have made the purposeful move to focus more of our attention towards mobile games. This has resulted in streamlining the games organization as well as the acquisition of AxesInMotion shortly after the quarter. The AxesInMotion acquisition was accomplished at an attractive multiple based on the growth and synergy potential MGI can offer. The acquisition has also added a strong team to MGI with ample mobile games experience as well as 700 million downloads.*



*Based on the nervous general environment with stock markets under pressure, interest rates increasing and the war in Ukraine, we are carefully watching our leverage and decided to raise capital of SEK 300 million (app. EUR 30 million) to finance part of the AxesInMotion acquisition, keeping our leverage at current level. Consequently, we now have substantial cash available for potential further acquisitions, which, in a time of economic pressure, we expect to become more opportune and attractive.*

*A further important focus for us was preparing for our relocation to Sweden, which will substantially improve governance, including the establishment of a nomination committee, as well as preparing proposals for our upcoming AGM. This includes the extension of the board from four to six members and splitting the role of Chairman and CEO. A further achievement was the preparation for trading of MGI shares on OTCQX in the U.S. to improve access for U.S. investors to MGI shares.*

*All in all, I see MGI in a stronger position than ever before in our company's history and we look forward to taking advantage of the opportunities that lie ahead."*

Remco Westermann  
CEO & Chairman of the Board of MGI



# FINANCIAL PERFORMANCE

## CONSOLIDATED NET REVENUES, EARNINGS AND EXPENSES

### THE FIRST QUARTER 2022

- **Net Revenues** amounted to 65.9 mEUR (Q1'21: 51.9 mEUR), an increase of 27% compared to Q1'21, where 18% was contributed by Organic Revenue Growth. The growth is based on the strong organic growth activities within MGI's Demand and Supply segment and by the accretive acquisitions (e.g. Smaato) carried out after Q1 2021.
- **Adj. EBITDA** amounted to 17.6 mEUR (Q1'21: 13.5 mEUR), an increase of 30%. Adj. EBITDA once more outgrew revenues driven by increased scale as well as further synergies in combination with cost savings, which altogether lead to economies of scale and greater efficiencies. Additionally, the more substantial size and profitability of the acquisitions immediately added to the company's profitability.
- **EBITDA Adjustments** amounted to 0.7 mEUR and were made largely for one-time costs and costs associated with the ESOP program.
- **Adj. EBITDA Margins** increased by one percentage point during the first quarter of 2022 to 27% (Q1'21: 26%), driven by an overall improved profitability.
- **EBITDA** amounted to 16.9 mEUR (Q1'21: 12.1 mEUR), an increase of 40%.
- **EBITDA Margins** increased from 23% to 26%.
- **Adj. EBIT** amounted to 13.6 mEUR (Q1'21: 9.3 mEUR), an increase of 45%.
- **Adj. EBIT Margin** improved significantly to 21% (Q1'21: 18%).
- **EBIT Adjustments** consists of the EBITDA adjustments mentioned above plus PPA amortization in the amount of 3.1 mEUR.
- **EBIT** increased to 9.8 mEUR (Q1'21: 5.4 mEUR).
- **Adj. Net Result** amounted to 5.7 mEUR (Q1'21: 4.9 mEUR), an increase of 16%.
- **The Net Result** amounted to 2.5 mEUR (Q1'21: 2.3 mEUR), an increase of 11% resulting from the overall increased profitability of the company. The increase of EBITDA growth was largely offset by increased financial expenses following the bond issues in 2021.
- **Earnings Per Share (EPS)** undiluted / diluted amounted to EUR 0.02 (Q1'21: undiluted / diluted EUR 0.02). EPS undiluted / diluted adjusted for PPA-amortization amounted to EUR 0.04 (Q1'21: undiluted / diluted EUR 0.04).



## CASH FLOW AND FINANCIAL POSITION

- **Operating Cashflow** before change in working capital amounted to 15.8 mEUR in Q1'22 (Q1'21: 11.1 mEUR), an increase of 42%. Operating Cashflow after change in working capital amounted to 16.3 mEUR in Q1'22 (Q1'21: 11.3 mEUR), an increase of 45%.
- **The Equity Ratio** increased to 35% as of March 31, 2022 (December 31, 2021: 33%) driven by operational profitability and the positive net results during the first quarter of 2022.
- **Cash and Cash Equivalents** including credit lines amounted to 169.2 mEUR as of March 31, 2022, compared to 188.9 mEUR as of December 31, 2021. This decrease was primarily due to the first earn-out payment related to the KingsIsle acquisition achieving certain revenue targets.
- **Net Interest-Bearing Debt** as of March 31, 2022 amounted to 219.7 mEUR (December 31, 2021: 198.6 mEUR). The increase is primarily due to the cash-out of the earn-out payments related to the KingsIsle acquisition.
- **The Leverage Ratio** amounted to 2.9x as per March 31, 2022 (2.8x as per December 31, 2021) and increased slightly. At the end of Q1 2022, this ratio only includes seven months of Smaato's EBITDA which will lead to an automatic further deleverage in the coming quarters.
- **Interest Coverage Ratio** was 4.1x as of March 31, 2022 compared to 4.7x as of December 31, 2021 and therefore remained strong in a seasonal soft quarter despite the bond increases in 2021. Similarly, to the leverage ratio, the interest coverage ratio only includes seven months of Smaato's EBITDA and therefore will improve in the coming quarters.

## INTANGIBLE ASSETS, INVESTMENTS AND DEPRECIATION

- **Capitalized Own Work** in the first quarter 2022 amounted to 6.5 mEUR (Q1'21: 5.1 mEUR) and included investments in the optimization and further development of the IT platforms on both the demand and supply-side (DSP and SSP). This also included investments in sequels and substantial updates to the first-party games content. While the total investments have grown in line with the increasing number of substantial growth initiatives, they stayed constant as a percentage of net revenues (10% in Q1'22 as well as in Q1'21).
- **Depreciation and Amortization** in the first quarter 2022 amounted to 7.1 mEUR (Q1'21: 6.7 mEUR) and increased slightly due to additional PPA depreciation driven primarily by the acquisition of Smaato, which added substantially to the asset base.



# BUSINESS UPDATE

## LAUNCH OF MOMENTS.AI

In Q1 2021, we officially launched Moments.AI (formerly Beemray), a first of its kind real-time contextual targeting solution, as part of our privacy-first advertising offering. The solution is now available in North America. In times where cookies and other identifiers are being phased out, Moments.AI offers a privacy-friendly marketing alternative via contextual targeting. Without relying on the soon-to-be deprecated cookies, Moments.AI analyzes content and breaks it down into multiple dimensions to then allow brands to access content with high-quality audience segments, all while delivering operational efficiency.

The solution presents a new opportunity for brands to target trending topics and increases performance from highly engaged audiences in a brand-safe manner. Currently, more than 700 IAB and 11 GARM brand-safe audience segments can be used, and at the same time custom segments can also be created.

## ADDITIONAL NEW GAMES PARTNERSHIPS

Also in Q1 2022, we onboarded many new games publishers, adding to our existing large pool of games partnerships. Mobile games publishers such as IEC, Eyewind, Zephyr Mobile and others with top games such as Brain Out, Water Sort, Hey Color Paint by Number Art and more were added as MGI clients. These hit mobile games are enjoyed by several hundred million players worldwide. Additionally, the preparation of the MoPub deprecation continued to be a main focus of the first quarter of the year, moving publishers over from MoPub to Applovin's MAX.

## RANKED NR 1 SELLER BY PIXALATE SECOND QUARTER IN A ROW

For the second quarter in a row, MGI took first place in Picalate's Mobile Seller Trust Index. The Seller Trust Index analyzes top SSPs for programmatic in-app ad inventory quality, and MGI (via Verve Group) remained the leader in this category. Picalate is a fraud-protection, compliance and privacy platform for Mobile Advertising and Connected TV (CTV).

## FRACTURED ONLINE: FEATURE SPOTLIGHTS AND CLOSED BETA DATE ANNOUNCEMENT

Various Feature Spotlights revealed provided more details about the upcoming first truly dynamic isometric open-world MMORPG Fractured Online. A closer look was provided for the game's PvP game mechanic, where shades of gray give way to a unique and complex MMORPG sandbox world. Another spotlight provided information about the continent of Aerhen, which is as complex and challenging as its inhabitants, featuring unique biomes that will push players' survival instincts to the max. Finally, April 6, 2022 was announced as the start date for the Closed Beta.

## THOUGHT LEADERSHIP

As in previous quarters, in Q1 2022, MGI continued its wide thought leadership on various topics in the form of interviews, webinars and opinion pieces in different media outlets. We began the year with a piece in AdExchanger on upcoming 2022 trends, as well as a podcast with Netwise on the topic of privacy and transparency in digital advertising. Furthermore, we shared our opinion in AdExchanger on the new Banning Surveillance Advertising Act (BSAA), which was introduced in the U.S. earlier this year. We also shared our views on the future of programmatic OTT in Broadcasting & Cable, as well as on how marketers should prepare for a "cookieless" future in Advertising Week, and an article in Street Fight on contextual advertising. Moreover, we also spoke with Remerge about omnichannel marketing in their podcast.

We also hosted our own webinar on how to optimize media buying in 2022, and continued publishing blog posts on our website about topics such as the impact of Google's Privacy Sandbox and contextual advertising.



## **NEW LAUNCH DEPARTMENT TO FURTHER INCREASE GAME LAUNCHING EFFORTS**

We are thrilled to announce the formation of a new launch department as part of our strategy to expand the roster of titles and enter new markets, thus further investing into the organic growth of our first-party data from owned games content. We will expand our product range by acquiring new licenses and additional titles for international publishing. As part of this portfolio strategy, the new department will bring new games with the focus on mobile to the market and provide publishing support to partner developers. The launch department will be headed by Marcus Behrens as Director Publishing and Marc Berekoven as Director Marketing.

## **LAUNCH OF MORE THAN 100 CASUAL GAMES ON THE WILD TANGENT PLATFORM**

More than 100 casual games were launched in the first quarter of 2022. MGI on average publishes 30+ casual games every month and typically focuses on major releases during the fourth quarter to drive engagement and monetization in the high advertising season.

## **TROVE: NEW EVENTS AND CLASS RE-BALANCING**

Trove celebrated the start of another promising new year with the Renewus 2022 event. Players could enjoy the Neon After Party-themed event filled with new quests, costumes and allies while also partaking in some returning activities. In the Renewus 2022 event, players could participate in a new 7-step quest chain provided by Qubesly.

The Heckbugs in Love event kicked off in early February. These popular bugs found their way back into the voxel-based MMORPG to teach players that they can find love. For this year's event, players could participate in an eight-step quest chain where they found themselves in a Geodian Cave called Sunken Sunvault, where the Heckbugs have stumbled into.

Later in February, the Shadow Hunter class was revamped with revised abilities, attacks and more. For example, the Shadow Hunter's new passive ability – Dark Whispers – makes them more perceptive to their surroundings. All the other classes were also updated, leading them to be rebalanced and making this the biggest update Trove has ever received.

## **AURA KINGDOM: 'WHISPERING ABYSS' UPDATE**

In the beginning of the year MGI invited all players of anime MMO Aura Kingdom to travel to the Valleys of Ice Hearts, an update with new quests, maps, dungeons, events, a level cap increase and more. We then asked the heroes for help. A robot rebellion had hit the Starstruck plateau in North Midgard. The Security Advisor in Navea, Brinz, was looking for outsiders to complete the job and suppress the rebellion. Players had to disguise themselves as dwarf soldiers to defeat the robots and their strongholds. This was just one of many new adventures that players could experience in the "Whispering Abyss", the update also offered several new dungeons and quests and a new balancing for the Rockstar class.

## **MOPUB TO MAX MIGRATION SUCCESSFULLY IMPLEMENTED ON MGI SSP**

MoPub, formerly belonging to Twitter was acquired by AppLovin in October 2021. After the acquisition Applovin announced that it would stop the MoPub platform by end of Q1 2022, an important step in further consolidation the market. As MoPub was also an important partner of MGI's publishers, MGI migrated its MoPub inventory to a.o. the Applovin Max platform. The migration happened successfully and will lead to revenue gains by also being able to attract other former MoPub partners to the MGI platform. With MoPub being shut down, MGI's SDK is the only remaining open-source SDK which improves MGI's market position.

## **OTHER**

In March, we, and our community, started to raise donations for families and children from Ukraine in a variety of our games. We announced the availability of unique in-game items to support children and families from Ukraine. Players could donate by buying items for participating games. All profits from these items will be donated to support families, children and people in need who have been particularly affected by the war in Ukraine.



# MARKET UPDATE

## OVERVIEW OF THE DIGITAL ADVERTISING MARKET

Further continued revenue growth of the internet and media sector are to be expected. According to the Activate Technology Media Outlook 2022, the main driver for revenue growth in the internet and media sector will come from advertising revenue, compared to the other revenue streams of paid content and cost of internet access. By 2025, the share of advertising revenues is expected to increase from 33% to 36%, while the shares of paid content and cost of internet access are expected to fall from 33% to 30% and from 35% to 34% in the same period, respectively.

Global advertising expenditure in the digital media sector amounted to approximately USD 491bn in 2021. By 2025, this is expected to rise to around USD 785bn, which would result in a CAGR of approximately 12.5% from 2020 to 2025.

The majority of MGI's advertising revenues are generated in the United States, which has excellent growth prospects. The U.S. market is already by far the largest market, accounting for 40% of global advertising spending. The second largest market is China, which is less than half the size of the U.S. market. In 2021, the U.S. market grew at around 38%, making it the best performing global market in terms of growth. At the same time, the market share of digital advertising as a percentage of total advertising spend in the United States still offers additional growth potential. At around 67%, the U.S. market is in the mid-range and well behind countries such as Norway (82%), China (78%) and the U.K. (75%).

MGI has a particularly strong footprint in mobile advertising. This sub-market of digital advertising is large and fast-growing. MGI therefore is well-positioned for further growth. According to the "State of Mobile Gaming 2022" report by data.ai, global mobile advertising spend in 2021 was USD 295bn. In 2022, that figure is expected to increase to USD 350bn, representing a CAGR of over 22% across the last four years. Of total mobile advertising spend, \$61bn is expected to be spent on in-game advertising in 2022, rising to \$130bn by 2025, a CAGR of over 28%, according to Statista. MGI started as a pure-play games company and built a dedicated advertising business to make user acquisition and monetization for its games as efficient as possible. The company has never lost this DNA and, as an advertising-software-platform, MGI has a strong focus on the games sector and on helping games companies with UA and monetization.

## CHALLENGES FOR DIGITAL ADVERTISING

Apple's IDFA and SkAdNetwork changes have shaken up the market for digital media; it is now necessary to ask Apple iOS users for their explicit opt-in to track them across apps and websites from other companies. This has made tracking users much more difficult, resulting in publishers being less accurate about what types of users are consuming their content. This in turn impacts advertisers, who are less able to target their ads. Ultimately, this means that advertisers' user acquisition becomes increasingly inefficient, publishers are less able to monetize their content, and users see more irrelevant ads.

It has been communicated that Google parent company Alphabet will also take a similar step with Android. These shifts with regards to identifiers disrupt the sector. In addition, there are changes by legislators, such as the Digital Markets Act of the EU, which was recently ratified. This comprehensive set of regulations also contains new provisions relating to the use and sharing of data for advertising purposes. The area of data protection, especially when it comes to the use of third-party data, is in a constant state of flux and is under high regulatory pressure from legislators, the industry itself, but also from the will of the users.

The way in which third-party data can be used for advertising purposes in the future is highly uncertain, which is why MGI has built up one of the largest proprietary first party data platforms in the advertising market over the past few years.

With more than 5,000 casual and mobile games and more than 10 premium games in our portfolio, 800 million+ registered players, and more than 5,000 direct publisher integrations via our SDKs connecting up to two billion users, MGI has become extremely attractive for advertisers looking for first-party audience data to target specific groups in a world without identifiers and cookies.



# CORPORATE EVENTS

## **THE BOARD OF DIRECTORS HAS DECIDED TO PROPOSE AT THE NEXT AGM TO MOVE THE HEADQUARTER FROM MALTA TO SWEDEN**

The Board of Directors propose to the shareholders at the next AGM to relocate the company's registered office and headquarters from Malta to Sweden, thus completing the transformation process of MGI, which started in 2020 with the Swedish listing. With the listing in 2020 and the conversion into an SE (Societas Europaea, European Company) in 2021, key elements of the transformation have already been completed. Through the relocation to Sweden, as well as further strengthening of the governance structure, the company expects to complete the transformation by the end of 2022 with an effective date of early-January 2023. The Board and management expect that the completed transformation will lay the foundation for the future operational performance and growth of the company. The move will also further enhance MGI's reputation, open the company to additional investor groups and further reduce the risk premium of MGI's stock.

## **ANNOUNCEMENT OF NOMINATION COMMITTEE**

Following the announcement of the proposed relocation to Sweden, MGI has now also established a nomination committee ahead of the next AGM and in line with the Swedish Corporate Governance practice consisting of the largest shareholders. The nomination committee consists of Hermann Dambach, appointed by Oaktree Capital Management, Dr. Gabriel Recnik, appointed by Bodhivas GmbH, Eric Billings, appointed by Billings Capital Management and Tobias M. Weitzel, member of the Board of Directors. The nomination committee will make proposals in respect of the election of the chairman of the annual meetings, the directors of the board, the chairman of the board of directors, the auditor, as well as resolutions regarding the remuneration of the board and the auditor. The nomination committee's proposals will be presented in the notice to the Annual General Meeting.

## **SONJA LILIENTHAL APPOINTED NEW CHIEF INVESTMENT OFFICER TO FOSTER EXECUTION OF MGI'S M&A STRATEGY**

MGI is happy to announce Sonja Lilienthal as the company's new Chief Investment Officer. Sonja will play an integral part of building one of the leading advertising software platforms with proprietary first-party gaming content by executing MGI's M&A strategy together with her team. Sonja brings a wealth of experience in M&A having spent more than 20 years in Investment Banking. Prior to joining MGI, she has worked for Rothschild & Co since 2007, most recently as Managing Director. Previously, she has worked for Deutsche Bank and Lazard. Sonja holds a degree in Business Administration and Management from the Philipps-University of Marburg in Germany. MGI has clear strategic targets to further strengthen its operating business, thereby creating significant value for shareholders. The core markets MGI operates in continue to offer a broad range of acquisition opportunities and these opportunities are intended to be fully leveraged in 2022.



# SUSTAINABILITY UPDATE

## **JOINING PLAYING FOR THE PLANET**

We joined the Playing for the Planet initiative in Q1 2022. Playing for the Planet is an alliance of games companies who have made voluntary, ambitious, specific and time-based commitments for people and planet. As a member, gamigo will continue to commit to reduce its carbon footprint, shift to use green energy and educate its players through green activations in its games. By being a part of the alliance, members will collaborate to achieve more together than an individual company could to create visible and inspiring change.

## **PLAYER ACTIVATION THROUGH THEME DAYS IN SEVERAL GAMES**

Players of our games were activated to incorporate sustainability in their day-to-day life through a new initiative throughout the company. By using special days such as the UN World Water Day, the UN World Wildlife Day or the International Day of Forest, among many more, small challenges for players were created throughout different games to foster positive change in the world. Events, both in-game and in real life, included actions like finding endangered species in games, asking players to share ideas how to save water or animating them to take a picture of their favorite forest or a wild animal outside and researching facts about them. Players with the best entries could win small rewards.

## **SUSTAINABILITY AND GOVERNANCE REPORT PUBLISHED**

On April 29, 2022, MGI published its Annual Report which also includes the Sustainability and Governance Report. The Sustainability Report was prepared in accordance with the GRI Standard. In the future, the Sustainability and Governance Report will be part of the Annual Report and will be updated on an annual basis. In case of material changes, MGI will inform its stakeholders with a press release.



# GUIDANCE FOR FINANCIAL YEAR 2022

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

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

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

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

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



# EVENTS AFTER MARCH 31, 2022

## **MGI SHARES NOW TRADING ON OTCQX UNDER THE TICKER "MDGIF"**

On April 20, 2022 MGI was welcomed by OTC Markets Group and is now trading on the OTCQX in the U.S., an important step for MGI into the U.S. capital markets and helping to improve access for U.S. investors to MGI shares. OTC Markets Group is an operator of regulated markets for trading 12,000 U.S. and international securities providing international companies with the opportunity to make their shares more easily accessible to U.S. investors. U.S. investors can now find the current financial disclosures and real-time level 2 quotes for MGI on [www.otcm Markets.com](http://www.otcm Markets.com). Trading on OTCQX marks an important step for MGI in providing more transparent trading and tapping demand from U.S. investors.

As MGI is listed on two qualified international exchanges (Nasdaq First North Premier Growth Market Stockholm and Scale Segment of Frankfurt Stock Exchange), the streamlined market standards enable MGI to utilize the home market reporting to make company information available in the U.S through OTCQX. To qualify for trading, MGI must meet high financial standards, follow best practice corporate governance and demonstrate compliance with applicable security laws. Shares traded on the OTCQX Best Market are sourced via the Nasdaq FN Premier Stockholm or through the Frankfurt Stock Exchange (Scale Segment), which is expected to have a positive effect on the overall trading of MGI shares.

## **ACQUISITION OF AXES IN MOTION**

MGI successfully acquired 100 percent of the shares in AxesInMotion S.L. (AxesInMotion) on May 11, 2022. AxesInMotion, established in 2014 and based in Seville, Spain, is a leading free-to-play mobile games developer with a strong portfolio of visually stunning racing games that have generated over 700 million downloads worldwide. The company's portfolio of high-quality racing games generates 87% of the revenues via in-game advertising, with the U.S. being the strongest market, accounting for approximately 33% of revenues. With pro forma IFRS revenues of EUR 7.9m and an adj. EBITDA of EUR 5.0m in 2021 (a 64% adj. EBITDA margin), combined with an organic revenue CAGR of 36% over the past three years, the company is well-positioned for further growth opportunities within the MGI Group. Based on management assumptions and taking mid-term synergies with MGI into account, AxesInMotion would have had added EUR 17m in EBITDA and more than 20% in adj. EBITDA on a pro forma basis (2021).

The parties have agreed to a fixed purchase price of EUR 55m, plus up to EUR 110m that may be paid to the sellers as earn-out payments, depending on EBITDA performance compared to the business plan until the end of 2024. Based on the EBITDA guidance for AxesInMotion's full calendar year 2022, the fixed consideration represents an EV/EBITDA multiple of 9.1x. Taking into account the earn-out consideration and a substantially higher EBITDA figure due to realized revenue and EBITDA synergies until 2024, the EV/EBITDA multiple may differ in the range of 6.8x - 9.1x.

The acquisition of AxesInMotion further strengthens MGI's supply-side, adding high quality, mobile first party content. For the near-term future and following the acquisition of AxesInMotion, MGI intends to also further build its footprint on the demand-side via accretive acquisitions.

## **DIRECTED SHARE ISSUE OF SEK 300M SEK TO PARTLY FINANCE THE AXESINMOTION ACQUISITION**

MGI successfully completed the book-building of a directed share issue of 9,569,378 new ordinary A shares on April 8, 2022. The subscription price in the Directed Share Issue is SEK 31.35 per share and has been determined through an accelerated book-building procedure led by Swedbank in cooperation with Kepler Cheuvreux. The Directed Share Issue was oversubscribed. The investors in the Directed Share Issue consist of a number of Swedish and international institutional investors, including the company's largest institutional shareholder Oaktree Capital Management LLP. Through the Directed Share Issue, MGI has received gross proceeds amounting to approximately SEK 300m.

The company intends to use the net proceeds from the Directed Share Issue in order to maintain the company's desired capital structure following the financing of the acquisition of AxesInMotion and to further strengthen the MGI's financial position in line with already announced company targets. After the completion of the Directed Share Issue, the number of outstanding ordinary A shares will increase from EUR 149,679,980 - by EUR 9,569,378 - to EUR 159,249,358, which is a dilution for existing shareholders of approximately 6.0 per cent of the number of outstanding ordinary A shares and votes in the company.

Without having any particular liquidity need in the near future MGI is evaluating further financing alternatives in order to ensure availability of additional capital for potential M&A opportunities and, in addition, certain buy-back of the Company's outstanding EUR 350 million bond, subject to market conditions.

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

in k EUR	Notes	Q1 2022	Q1 2021	FY 2021
<b>Revenues</b>				
Net revenues	9	65,871	51,930	252,166
Own work capitalized		6,524	5,082	22,851
Other operating income		5,179	1,113	8,626
<b>Total Income</b>		<b>77,574</b>	<b>58,125</b>	<b>283,643</b>
<b>Operating Expenses</b>				
Services purchased & other operating expenses	10	-43,384	-32,299	-162,623
Personnel expenses	11	-17,318	-13,734	-55,978
<b>Total operating expenses</b>		<b>-60,702</b>	<b>-46,033</b>	<b>-218,601</b>
<b>EBITDA</b>				
Depreciation and amortization	12	-7,094	-6,700	-28,238
Thereof: PPA Amortization		-3,127	-2,574	-11,964
<b>EBIT</b>				
Financial result		9,778	5,392	36,804
		-6,630	-2,140	-21,919
<b>EBT</b>				
Income Taxes		3,148	3,253	14,886
		-606	-960	1,169
<b>Net Result</b>				
		2,542	2,292	16,055
of which attributable to non-controlling interest		3	1	-7
<b>of which attributable to shareholders of the parent company</b>		<b>2,539</b>	<b>2,291</b>	<b>16,061</b>
		3,127	2,574	11,964
<b>Adj. Net Result</b>		<b>5,669</b>	<b>4,867</b>	<b>28,019</b>
<b>Earnings per share</b>				
Undiluted		0.02	0.02	0.11
Diluted		0.02	0.02	0.11
Undiluted (adjusted)		0.04	0.04	0.2
Diluted (adjusted)		0.04	0.04	0.2
<b>Average number of shares</b>				
Undiluted		149,680	125,506	141,712
Diluted		149,680	125,506	141,712

Note: numbers may not add up due to rounding

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

in k EUR	Q1 2022	Q1 2021	FY 2021
<b>Consolidated profit</b>	<b>2,542</b>	<b>2,292</b>	<b>16,055</b>
<i>Items that will be reclassified subsequently to profit and loss under certain conditions:</i>			
Exchange differences on translating foreign operations	3,396	3,396	7,322
Gain / Loss of financial assets	-9,594	0	-2,141
Gain / Loss of hedging instruments	0	0	0
<b>Other comprehensive income, net of income tax</b>	<b>-6,198</b>	<b>3,396</b>	<b>5,181</b>
<b>Total comprehensive income</b>	<b>-3,656</b>	<b>5,689</b>	<b>21,236</b>
<i>Attributable to:</i>			
<b>Owners of the Company</b>	<b>-3,659</b>	<b>5,687</b>	<b>21,242</b>
<b>Non-controlling interests</b>	<b>3</b>	<b>1</b>	<b>-7</b>

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

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

<b>in k EUR</b>	<b>Note</b>	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
Intangible assets	4, 5	620,936	605,746
Property, plant and equipment		6,343	4,681
Financial assets and other assets		27,192	40,068
<b>Long-term assets</b>		<b>654,470</b>	<b>650,495</b>
Trade and other receivables		87,021	103,442
Cash and cash equivalents		127,636	180,156
<b>Short-term assets</b>		<b>214,656</b>	<b>283,598</b>
<b>Total assets</b>		<b>869,127</b>	<b>934,093</b>
Equity attributable to shareholders of the parent company	8	305,817	307,434
Non-controlling interest		62	59
<b>Total Equity</b>		<b>305,879</b>	<b>307,493</b>
<b>Long-term liabilities</b>	6	<b>373,493</b>	<b>383,168</b>
<b>Short-term liabilities</b>	7	<b>189,754</b>	<b>243,432</b>
<b>Total liabilities and equity</b>		<b>869,127</b>	<b>934,093</b>

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

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

	Common stock		Share Premium	Capital reserves	Retained earnings incl. Profit of the year	Amounts recognised directly in equity	Shareholders' equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Shares thousands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
<b>Balance at 1 January 2021</b>	<b>117,074</b>	<b>117,074</b>	<b>7,839</b>	<b>49,466</b>	<b>5,617</b>	<b>-3,211</b>	<b>176,785</b>	<b>60</b>	<b>176,845</b>
Consolidated profit					16,061		16,061	-7	16,055
Other comprehensive income						5,181	5,181	6	5,187
<b>Total comprehensive income</b>					<b>21,678</b>	<b>1,970</b>	<b>198,027</b>	<b>60</b>	<b>198,087</b>
Capital increases	32,606	32,606	76,732				109,338		109,338
Changes in scope of consolidation									
<b>Balance at 31 December 2021</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>53,141</b>	<b>21,678</b>	<b>-1,637</b>	<b>307,434</b>	<b>59</b>	<b>307,493</b>
<b>Balance at 1 January 2022</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>53,141</b>	<b>21,679</b>	<b>-1,637</b>	<b>307,434</b>	<b>59</b>	<b>307,493</b>
Consolidated profit					2,539		2,539	3	2,542
Other comprehensive income						-6,198	-6,198		-6,198
<b>Total comprehensive income</b>					<b>24,218</b>	<b>-7,835</b>	<b>303,774</b>	<b>62</b>	<b>303,837</b>
Capital increases									
Other Equity reserves regarding IFRS 2				490			490		490
Other Equity reserves						1,553	1,553		1,553
<b>Balance at 31 March 2022</b>	<b>149,680</b>	<b>149,680</b>	<b>84,571</b>	<b>53,631</b>	<b>24,218</b>	<b>-6,283</b>	<b>305,817</b>	<b>62</b>	<b>305,879</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT, MGI GROUP

(unaudited)

in k EUR	Notes	Q1 2022	Q1 2021	FY 2021
Cash flow from operating activities (before change in WC)		15,776	11,141	70,556
Change in working capital		521	123	-5,714
Cash flow from operating activities		16,297	11,263	64,842
Cash flow from investing activities		-32,859	-71,001	-295,634
Cash flow from financing activities		-35,958	65,134	364,694
<b>Cash flow for the period</b>		<b>-52,521</b>	<b>5,396</b>	<b>133,902</b>
Cash and cash equivalents at the beginning of the period		180,156	46,254	46,254
<b>Cash and cash equivalents at the end of the period</b>		<b>127,635</b>	<b>51,650</b>	<b>180,156</b>

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

# SELECTED EXPLANATORY NOTES (UNAUDITED)

## NOTE 1 BASIS OF PREPARATION

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

## NOTE 2 ACQUISITION OF BUSINESSES

No Acquisitions of businesses were carried out in Q1 2022.

## NOTE 3 SEGMENT INFORMATION

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

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

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

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

- a) **Demand Side Platforms (DSP):** Which bundle the demand from advertisers and agencies for new users within the Demand Side Platform (DSP).
- 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 execution of advertising campaigns. Large advertising agencies such as WPP offer a full-service package, allowing an advertiser to completely outsource advertising-related activities.

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

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

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

### DSP Segment

MGI's Demand Side Platform enables advertisers to drive user acquisition campaigns across the open internet. Through our self-service, cloud-based platform, advertisers can create, manage and optimize data-driven digital advertising campaigns across all relevant ad formats and channels (including e.g. display, native and video) and devices (mobile, desktop, digital out-of-home and

connected TV). Based on our vertical infrastructure approach, our Demand Side Platform is integrated with our Supply Side Platform (SSP) which provides access to major first- and third-party inventory from publishers. Our first-party inventory mainly relates to advertising space in casual games from various acquisitions carried out since 2012. The combination of owned content and third-party content provides advertisers a global reach and a broad set of audience data which results in very strong targeting capabilities for their user acquisition campaigns.

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

The DSP segment contains the acquired Demand Side Platforms including Platform161, LKQD, Match2One and Adspree Media, which were allocated previously to the Media Segment.

### **SSP Segment**

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

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

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

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

	<b>DSP</b>	<b>SSP</b>	<b>CONSOLIDATED</b>
in k EUR	31-Mar-22	31-Mar-22	31-Mar-22
<b>Revenues</b>	<b>4,604</b>	<b>61,267</b>	<b>65,871</b>
<b>EBITDA</b>	<b>113</b>	<b>16,759</b>	<b>16,872</b>
Depreciation and amortization			-7,094
Financing income			62
Financing expenses			-6,691
<b>Earnings before taxes (EBT)</b>			<b>3,148</b>
Income taxes			-606
<b>Net result from continuing operations</b>			<b>2,542</b>

	<b>DSP</b>	<b>SSP</b>	<b>CONSOLIDATED</b>
in k EUR	31-Mar-21	31-Mar-21	31-Mar-21
<b>Revenues</b>	<b>3,522</b>	<b>48,408</b>	<b>51,930</b>
<b>EBITDA</b>	<b>256</b>	<b>11,836</b>	<b>12,093</b>
Depreciation and amortization			-6,700
Financing income			36
Financing expenses			-2,176
<b>Earnings before taxes (EBT)</b>			<b>3,253</b>
Income taxes			-960
<b>Net result from continuing operations</b>			<b>2,292</b>

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

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

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

### c) Segment assets

in k EUR	31-Mar-22	31-Dec-21
<b>DSP</b>	41.956	45.684
<b>SSP</b>	827.170	888.409
<b>Consolidated total segment assets</b>	<b>869.127</b>	<b>934.093</b>

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. MGI engaged an independent BIG4 advisor in 2020 and 2021, for impairment test of the goodwill and the segments goodwill allocation (based on the previous company's segments).

## NOTE 4 INTANGIBLE ASSETS INCLUDING ACQUISITIONS

The change in Goodwill is mainly related to FX currency differences. Other Intangible Assets includes acquired intangible assets from business combination, self-developed intangible assets, IPs, licenses and advanced payments on licenses due to acquisitions and the in-house development of the games and AdTech platforms.

In kEUR	31-Mar-2022	31-Dec-2021
Goodwill	416,909	411,992
Other Intangibles	204,027	193,754

## NOTE 5 DISPOSALS

There were no material sales or disposals in Q1 2022.

## NOTE 6 LONG-TERM LIABILITIES

As of March 31, 2022, the long-term liabilities of MGI decreased by k EUR 9,675 to k EUR 373,493 (December 31, 2021: k EUR 383,168) based on the reclassification of earn-out liabilities from long-term to short-term.

## NOTE 7 SHORT-TERM LIABILITIES

The short-term liabilities of MGI decreased by k EUR 53,678 on December 31, 2021 to k EUR 189,754 compared to k EUR 243,432 on December 31, 2021, mainly affected by the repayment of the credit facility as well as a decreased amount of trade payables.

## NOTE 8 SHAREHOLDERS' EQUITY

As of March 31, 2022, the total shareholders' equity slightly decreased to k EUR 305,879 (December 31, 2021: k EUR 307,493) driven by fair value losses of other comprehensive income.

The subscribed capital of MGI remained stable at k EUR 149,680 (December 31, 2020) to k EUR 149,680.

No dividends were paid in Q1 2022.

## NOTE 9 NET REVENUE

MGI achieved in Q1 2022 a net revenue of k EUR 65,871 (Q1 2021: k EUR 51,930). The increase of k EUR 13,941 was due to strong organic growth of 18% in the first quarter of 2022 as well as the revenues of Smaato and Match2One that were fully reflected in Q1 2022.

## NOTE 10 SERVICES PURCHASED & OTHER OPERATING EXPENSES

For Q1 2022, MGI disclosed services purchased and other operating expenses of k EUR 43,384 (Q1 2021: k EUR 32,299). The increase of k EUR 11,086 is a result of the increased operations of the company due to organic and M&A driven revenue growth.

## NOTE 11 PERSONNEL EXPENSES

In Q1 2022, the personnel expenses increased by k EUR 3,584 to k EUR 17,318 (Q1 2021: k EUR 13,734). This increase is driven by the communicated hiring of key employees to support further long-term organic revenue growth in the media business as well as the acquired employees of Smaato and Match2One which have not been part of the company in the same period in the previous year.

## NOTE 12 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

Depreciation, amortization and write-downs amounted in Q1 2022 to k EUR 7,094 (Q1 2021: k EUR 6,700). The increase is mainly due to additional PPA depreciation and amortization of the acquired companies and assets. In Q1 2022, no impairment charges were made on goodwill.

## NOTE 13 RELATED PARTY TRANSACTIONS

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

Remco Westermann is part of the four-member Board of Directors of the company and personally holds 90% of the shares in Sarasvati GmbH, which in turn holds 100% of the shares in Bodhivas GmbH, which in turn held 27.8% of the company and 36.9% of the voting rights as of March 31, 2022.

Remco Westermann is a member of the Board of Directors of the company since May 31, 2018 and is the Managing Director of Bodhivas GmbH, Sarasvati GmbH, Garusadana GmbH, Bodhisattva GmbH and Jarimovas GmbH, Düsseldorf. Additionally, Jaap Westermann holds 10% of Sarasvati GmbH. Hendrika Westermann is the wife of Remco Westermann, Jaap Westermann is the brother of Remco Westermann, Hendrika, Jaap and Remco Westermann are directors of Jarimovas GmbH, Düsseldorf. As of March 31, 2022 the company has a receivable of k EUR 954 against Bodhivas GmbH (31 December 2021: k EUR 954). Furthermore, Bodhivas GmbH acquired in the first half year 2021 Senior Secured Bonds of MGI (ISIN: SE0015194527). Total nominal value amounted to k EUR 2,000.

Tobias M. Weitzel is a member of the Board of Directors of the company since May 31, 2018. He holds 500,000 phantom stock in the company. Tobias M. Weitzel increased his number of MGI shares by 684,500 after the expiration of a lock-up-agreement that was placed on the MGI shares Mr. Weitzel received for the sale of his gamigo AG shares to MGI in 2020. These shares were already issued in 2020 as part of a capital increase in kind whereby the gamigo shares were acquired by MGI. The MGI shares which Tobias M. Weitzel finally received now were held in a custody account during the lock-up period. Tobias M. Weitzel now holds 1,209,228 shares in the company.

Elizabeth Para is a member of the Board of Directors of the company since 31 January 2020. She holds 500,000 phantom stock in the company. Elizabeth Para increased her number of MGI shares by 707,292 after the expiration of a lock-up-agreement that was placed on the MGI shares Elizabeth Para received for the sale of her gamigo AG shares to MGI in 2020. These shares were already issued in 2020 as part of a capital increase in kind whereby the gamigo shares were acquired by MGI. The MGI shares Elizabeth Para finally received were held in a custody account during the lock-up period. Elizabeth Para now holds 1,505,716 shares in the company.

Antonius Reiner Fromme is a member of the Board of Directors of the company since April 15, 2021. He does not hold any shares in the company.

## NOTE 14 OTHER DISCLOSURES

There are no new significant litigations or claims in Q1 2022.

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

1	Bodhivas GmbH	27.8%
2	Oaktree Capital Management LLP	9.1%
3	Janus Henderson Investors	5.0%
4	Nordnet Pension Insurance	1.1%
5	Avanza Pension	1.1%
6	Crédit Mutuel Asset Management	1.1%
7	Elizabeth Para	1.0%
8	Billings Capital Management LLC	1.0%
9	Tobias M. Weitzel	0.8%
10	Didner & Gerge Funds	0.7%
11	Finlandia Rahastoyhtiö Oy	0.7%
12	Columbia Threadneedle	0.7%
13	Stena	0.6%
14	Skandia Funds	0.6%
15	BlackRock	0.6%
16	Chelverton Asset Management	0.5%
17	Life Insurance Skandia	0.5%
18	PMG Fonds Management	0.4%
19	Crystal Asset Management AG	0.4%
20	State Street Global Advisors	0.3%

Note (1) Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear but excluding Clearstream as of March 31, 2022.

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

In this case, the issuer only has knowledge of the number of shares registered in the Euroclear share register.

## DEFINITIONS OF KEY PERFORMANCE INDICATORS

EBIT	Earnings before interest and taxes
EBIT margin	EBIT as a percentage of net revenues
Adjusted EBIT	EBIT excluding one-time costs and PPA amortization
Adjusted EBIT margin	Adjusted EBIT as a percentage of net revenues
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA as a percentage of net revenues
Adjusted EBITDA	EBITDA excluding one-time costs
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net revenues
Adjusted Net Result	Net Result excluding PPA amortization
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 financial items (cash interest payments, does not include non-cash items, e.g. IFRS16 interest) for the past 12 months
Organic Revenue Growth	Organic Revenue Growth does include growth calculated on a year-over-year basis from companies being within the Group for twelve months or more. What is excluded is the revenue growth from acquisitions that have not been part of the group in the last twelve month, and the decline from sales stemming from closures/divestment of whole businesses.

## **PARENT COMPANY**

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

## **FINANCIAL CALENDAR**

Annual General Meeting 2022	29.07.2022
Half Year Report Q2 2022	31.08.2022
Interim Report Q3 2022	30.11.2022

## **INVESTOR CONTACT**

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

## **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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## **BOARD DECLARATION**

In all conscience, we assure, as representative for the Board of Directors of the company, that the unaudited condensed consolidated financial statements give a true and fair view of the financial position of the company as at 31 March 2022, 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.

Malta, May 31, 2022

Board of Directors



# Media and Games Invest SE

## **Media and Games Invest SE**

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