



Research study (Anno)



**Financial year 2023 with solid operating performance
finalised**

**Return to organic growth
is expected for the 2024 financial year**

**Expansion of the digital advertising platform business should
enable significantly profitable growth in future**

Target price: € 4.50 (previously: € 4.50)

Rating: BUY

IMPORTANT NOTE:

Please note the disclaimer/risk warning and the disclosure of potential
Conflicts of interest within the meaning of § 85 WpHG and Art. 20 MAR on page 21

Notice under MiFID II Regulation for Research "Minor Non-Monetary Contribution": Present Research complies with
the requirements for classification as a "minor non-monetary benefit". More information on this in the
Disclosure under "I. Research under MiFID II

Date (time) of completion: 16/05/2024 (8:20 am)

Date (time) of the first distribution: 16/05/2024 (11:00 am)

Target price valid until: max. 31/12/2024

Media and Games Invest SE*5a;5b;7;11

Rating: BUY

Target price: € 4.50
(previously: € 4.50)

Current price: € 1.72
15/05/24 / XETRA
(17:35)
Currency: EUR

Master data:

ISIN: SE0018538068
WKN: A3D3A1
Ticker symbol: M8G
Number of shares³: 159.25
Market cap³: 273.91
Entity value³: 577.46
³ in million / in € million
Free float: 54.6%

Transparency level:
Nasdaq First North Premier

Market segment:
Freiverkehr
(Open Market)

Accounting:
IFRS

End of FY: 31.12.

Designated sponsor:
Kepler Cheuvreux
mwb fairtrade Wertpapierhan-
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* List of possible conflicts of in-
terest on page 22

Company profile

Industry: Ad tech and mobile/online games

Focus: Software Application

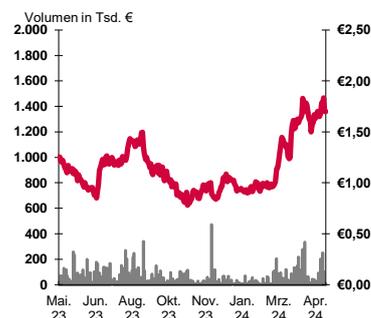
Employees: >800

Foundation: 2011

Headquarters: Stockholm (Sweden)

Board members: Remco Westermann (CEO), Paul Echt
(CFO), Jens Knauber (COO), Sonja Lilienthal (CIO), Sameer
Sondhi (CRO)

MGI - Media and Games Invest SE (MGI) operates a fast-growing, profitable advertising software platform that matches advertisers' demand with publishers' ad supply, improving results through first-party data from proprietary content and AI-driven contextual data solutions. Through investments in organic growth and innovation as well as targeted acquisitions, MGI has built a one-stop shop for programmatic advertising, enabling companies to buy and sell advertising space across all digital devices (mobile apps, web, connected TV and digital out of home) with the goal of making advertising better. MGI is registered as a Societas Europaea in Sweden (registration number 517100-0143) and its shares are listed on the Nasdaq First North Premier Growth Market in Stockholm and in the Scale segment of the Frankfurt Stock Exchange. The company has three collateralised bonds listed on Nasdaq Stockholm and on the Open Market of the Frankfurt Stock Exchange.



P&L in € million	31/12/2023	31/12/2024e	31/12/2025e	31/12/2026e
Revenues	321.98	352.18	389.51	437.03
Adjusted EBITDA (Adj. EBITDA)	95.20	106.68	119.45	136.97
EBITDA	128.46* ¹	100.08	113.35	130.67
Net result (after minority interests)	46.73* ¹	13.97	22.03	34.01

*¹positively influenced by a special revaluation effect in the amount of € 62.76 million

Key figures in €

Earnings per share € (EPS)	0.29	0.09	0.14	0.21
Dividend per share	0.00	0.00	0.00	0.00

Multiples

EV/Revenues	1.79	1.64	1.48	1.32
EV/Adj. EBITDA	6.07	5.41	4.83	4.22
EV/EBITDA	4.50	5.77	5.09	4.42
P/E ratio (after minorities)	5.86	19.61	12.43	8.05
P/B ratio	0.78			

Financial calendar

13/06/2024: Annual General Meeting 2024
29/08/2024: Half-year report FY 2024
28/11/2024: Quarterly report Q3 2024

** latest research from GBC:

Date: Publication / Target price in EUR / Rating

04/03/2024: RS / 4.50 / BUY

07/12/2023: RS / 4.05 / BUY

11/09/2023: RS / 4.05 / BUY

20/06/2023: RS / 5.30 / BUY

08/03/2023: RS / 5.40 / BUY

07/09/2022: RS / 5.75 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany

EXECUTIVE SUMMARY

- According to its published business figures, the MGI Group achieved a solid sales performance in the past financial year 2023 despite a difficult environment and market situation, generating sales of € 321.98 million (PY: € 324.44 million). On a comparable basis, organic sales even increased by 5.0% compared to the previous year. A particularly high organic sales growth rate of 16.0% was achieved in the final quarter, which is traditionally the strongest quarter in terms of sales. The main contributors to this growth were the 18.9% increase in the software customer base to 2,276 customers at the end of the financial year (end of 2022: 1,915) and the 19.1% increase in the volume of digital advertising delivered to 206 billion (advertising ads at the end of FY 2022: 173.0 billion). The renewed improvement in MGI's market position in the mobile sector is also reflected in the market-leading positions on iOS and Android with a US market share of 12.0% on both platforms according to the industry experts at Pivalate. This means that the previously adjusted company guidance (sales of € 303.0 million) and our sales estimate (GBCe: € 303.21 million) were exceeded.
- MGI achieved growth at all earnings levels, primarily due to the revaluation of the AxesInMotion earn-out payment liability (positive one-off effect of € 62.76 million). Accordingly, EBITDA increased dynamically by 51.6% to € 128.46 million (PY: € 84.75 million) compared to the previous year. Adjusted for special effects (e.g. M&A and restructuring costs or revaluations of balance sheet items), adjusted EBITDA (Adj. EBITDA) totalled € 95.20 million, which was slightly above the previous year's level (PY: € 93.20 million). The adjusted EBITDA margin (Adj. EBITDA margin) also increased to 29.6% (PY: 28.7%). This increase in profitability reflected the first positive effects of the cost-cutting programme initiated last year, which should enable annual cost savings of around € 10.0 million once successfully implemented. Accordingly, the adjusted earnings guidance (adjusted EBITDA: € 93.0 million) and our earnings estimate (adjusted EBITDA: € 93.07 million) were exceeded.
- In view of a strong fourth quarter (organic growth Q4 2023: 16.0%) and an even stronger performance in the first quarter (organic growth Q1 2024: 21.0%), MGI's management is positive about the current financial year 2024 and expects double-digit growth and an improvement in the earnings situation. Based on the recent concretisation of the guidance with the publication of the Q1 business figures, MGI now expects sales revenues in a range of € 350.0 million to € 370.0 million and an adjusted EBITDA (Adj. EBITDA) of between € 100.0 million and € 110.0 million.
- As part of the publication of our research study on the preliminary annual results for 2023, we adjusted our previous sales and earnings forecasts upwards due to the positive outlook, the increased (organic) growth momentum and the expected recovery of the advertising market. In view of their strong Q1 performance, their sustained high growth momentum and the confirmation of the positive outlook, we are confirming our previous sales and earnings estimates for the current financial year and subsequent years. Accordingly, we continue to expect sales of € 352.18 million and EBITDA of € 100.08 million for the current financial year 2024. For the subsequent financial years 2025 and 2026, we expect sales (EBITDA) of € 389.51 million (€ 113.35 million) and € 437.03 million (€ 130.67 million) respectively.
- MGI recently announced its intention to change the company name to Verve. The media business is already operating under this name. The name change marks the successful completion of MGI's transformation into a leading digital media company. At the same time, plans were announced to expand the Board by one person and to

appoint two new Board members with proven media expertise. Greg Coleman (USA) was President and Board Member at the Huffington Post, BuzzFeed and Criteo, among others, and Peter Huijboom (Netherlands) was CEO Global Media and CEO Global Clients at the advertising agency Dentsu. Both announcements reflect the clear focus on the further expansion of the advertising business, but are still subject to the approval of the Annual General Meeting.

- Overall, the MGI Group should be able to significantly increase the pace of growth compared to the previous year thanks to its good market positioning (especially in the US market) and the expected recovery of the advertising market. Its innovative customer solutions (AI targeting solutions, etc.) in particular should make a significant contribution to boosting its customer base and ad tech platform revenue in the future.
- **Based on our unchanged forecasts for the current financial year 2024 and the following years, we have maintained our previous price target of € 4.50 (previously: € 4.50). In view of the current share price level, we therefore continue to assign a "BUY" rating and see significant upside potential in the MGI share. The results of our peer group analysis (see p. 20) also support our assessment of the attractiveness and upside potential of MGI shares.**

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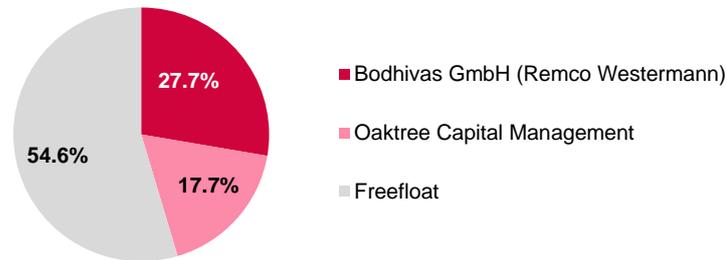
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THE COMPANY

Shareholder structure

Shareholders in %	Status: March 2024
Bodhivas GmbH (Remco Westermann)	27.7%
Oaktree Capital Management	17.7%
Free float	54.6%

Sources: Media and Games Invest SE, GBC AG



Business model and focus of business activities

Media and Games Invest SE (MGI) operates an AI-driven advertising software platform (ad tech platform) with extensive first-party data from its own games content for the automated purchase and sale of digital advertising space. The regional focus of business activities is primarily on North America and Europe. In North America and Europe, MGI is one of the market leaders in the field of in-app advertising.

By investing in organic growth and innovation as well as targeted acquisitions, the Group has succeeded in recent years in establishing a one-stop shop for programmatic advertising that enables customers to buy and sell advertising space fully automatically across all digital devices (mobile apps, web, connected TV and digital out-of-home). Data that enables the most accurate (data protection-compliant) targeting of end users is important for the most efficient purchase and sale of these advertising spaces. The company uses innovative data solutions and technologies such as ATOM 3.0 and Moments.AI for this purpose.

With its digital advertising platform (ad tech platform), MGI supports advertisers in efficiently acquiring customers via various digital devices as well as publishers in monetising their advertising space efficiently and optimally.

The company's own games portfolio provides a strong competitive advantage, as it gives it direct access to unique advertising space and first-party data and can also significantly accelerate product test cycles.

Key facts and figures on the ad tech platform



Sources: Media and Games Invest SE, GBC AG

MGI's advertising software platform (ad tech platform)

In the past financial year 2023, the MGI Group generated the majority of its revenue (revenue share GBCe: over 85.0%) with its programmatic advertising software platform, which is offered via the Verve Group. Due to the ongoing expansion of their ad tech platform business, only around 15.0% (GBCe) of Group revenue was generated from subscriptions and the sale of in-game items through the Group's own games portfolio in the past year. Accordingly, the company's core business and strategic focus is on digital advertising with a particular focus on the high-growth segment of programmatic advertising and, in particular, the in-app advertising segment.

Programmatic advertising aims to make the process of creating and placing adverts and selling advertising space faster, simpler, more transparent and more effective through the use of artificial intelligence, powerful algorithms and billions of data points.

Programmatic advertising companies are intermediaries between advertisers, who try to reach users on their smartphones, computers, networked TV devices or via digital billboards (DOOH) to attract new customers - and publishers - who provide digital content that is consumed by users and monetised by selling advertising space to advertisers.

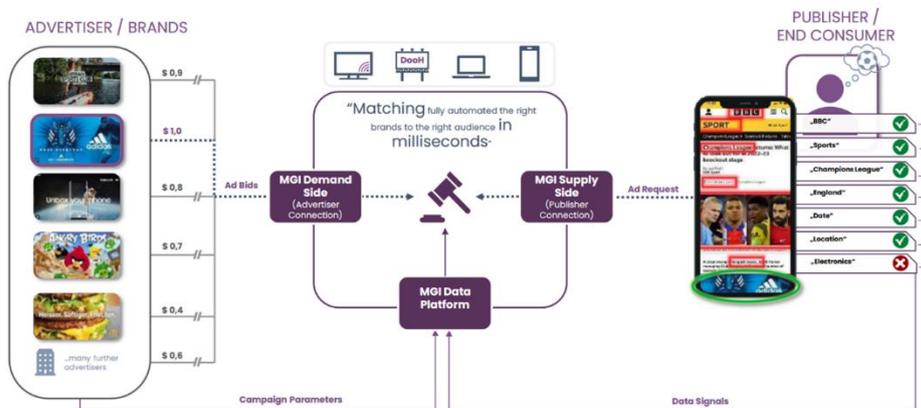
MGI's programmatic value chain



Source: Media and Games Invest SE

Whereas, with traditional advertising, an advertiser usually requests advertising space directly from the publisher by phone or email, which is very time-consuming and inefficient, with programmatic advertising this process is completely automated and takes place in real time. Revenue flows automatically from advertisers to publishers, replacing phone calls, faxes and written contracts (insertion orders, IOs) that were used in the past to manage and track deals.

Automating the buying and selling of adverts on all digital devices



Source: Media and Games Invest SE

There are advertising companies that support advertisers (so-called demand-side platforms, DSPs), e.g. in the purchase of advertising space or in the evaluation of campaigns, and there are advertising companies that support publishers (so-called supply-side platforms, SSPs), e.g. in the sale of advertising space and in the processing of user data to create target group segments.

While most (advertising) companies can be assigned to one of these two sides and/or only focus on individual devices (such as mobile, desktop, connected TV or DOOH) or individual formats (banner, stream, etc.), MGI operates in the digital advertising market with a comprehensive digital platform (full-stack platform) that covers the needs of both advertisers and publishers across all devices and advertising formats.

This offers multiple benefits for advertisers and publishers, as the flow of information between the two is more direct, leading to greater transparency in the planning, monitoring and evaluation of campaigns, while eliminating the gateways to fraud created by the multiplicity of market participants.

This is also reflected in MGI's and Verve Group's ranking in Pixalite's Mobile Seller Trust Index, in which they have been ranked first several times. The ranking assesses the quality of the advertising spaces, for example, based on how much, or rather how little, fraud they contain.

The resulting increase in efficiency and quality leads to a higher ROI (return on investment) for advertisers and higher advertising revenue (measured by CPMs / cost per mile) for publishers. In addition, as a "one-stop shop", MGI reduces the number of external media partners coordinating cross-device and cross-format campaigns. This leads to leaner campaign management, where the individual components of the campaign are precisely orchestrated, resulting in higher ROAs.

In addition to the high quality of its fully-integrated platform, MGI is also one of the largest providers in the mobile supply-side platform sector. Whilst many measure this by the number of app integrations, i.e. how many apps have MGI's SDKs integrated, we believe this is not the correct measure of reach. While there are a very large number of apps, only a few premium apps cover the majority of users. When integrated into the premium apps, a smaller number of app integrations is sufficient to reach a large number of end users, which also leads to greater efficiency because fewer staff are required. Accordingly, the number of end users is the really relevant figure. According to its own figures, MGI reaches over 2.0 billion mobile end users, making it one of the world's leading providers in the

mobile sector (mobile in-app exchange). In North America, the world's largest advertising market, MGI is one of the three largest providers of in-app advertising.

MGI's innovative AI-based technologies

MGI relies heavily on innovative technologies as part of its ad tech platform business. The global advertising market is undergoing a major upheaval. Stricter regulation by legislators with regard to data protection and increased efforts by key market players in this area are causing previous technologies to disappear.

For example, Apple has recently switched off its Identifier for Advertisers (IDFA). This is a unique device identifier that Apple generates and assigns to each device. It was used by advertisers to deliver personalised ads and enable recognition of the user and their preferences. Nowadays, (efficient) targeting of advertising budgets is only possible with the user's consent, while around 80.0% of users opt out. Google has also announced that it will take similar measures.

Another technology that is still frequently used today, but is less well known to the general public, is fingerprinting. Fingerprinting uses information (user data/device data/transaction data etc.) to identify the user almost unambiguously in the absence of a device identifier (IDFA/GAID). In some cases, this may also include personal data such as email ID/transaction data. For this reason, alternative identities (such as ID5, UUID 2.0, LiveRamp ID, etc.) fall within the scope of fingerprinting. Fingerprinting is heavily criticised because it is neither transparent nor under the control of the user. In its App Tracking Transparency (ATT) privacy policy, Apple has already labelled fingerprinting as prohibited, but has not yet taken any explicit measures against it. However, industry experts expect that this could change with new iOS updates.

These examples illustrate that previous technologies will gradually disappear from the market. The shutdown of IDFA already had a strong impact on the industry and led to a sharp drop in sales at Meta and Snap Inc. for example. It can be assumed that preventing fingerprinting will have a similar or even greater impact on the industry, which is why it is important to have strong alternatives at this time. MGI began investing in targeting technologies that do not require traditional advertising identifiers such as IDFA, cookies or fingerprinting at an early stage.

Since the Group began building its ad software platform, the focus has been on privacy-first technologies that do not rely on the use of identifiers (such as cookies or Apple's IDFA). As part of this, MGI has developed innovative technologies that enable efficient targeting of end users without relying on identifiers and instead using contextual data, for example. Thanks to its early focus on identifier-less solutions, the Group currently has three promising technologies (Moments.A.I., ATOM 3.0 and SKAN Optimisation) and products that we expect to further increase their potential if Google's identifier is also switched off in future and fingerprinting is prevented.

Selected innovative products are briefly presented below.

Moments A.I. (Moments.AI™)

Visual content analysis, keywords, semantics, meta tags and more are analysed and assigned a trust score within 100 milliseconds. With Verve Group's groundbreaking data processing technology, advertisers reach consumers at meaningful moments that align with brand values.

SKAN: SKAdNetwork (SKAN) by Apple is a solution for attribution and campaign tracking of app installs and in-app events on iOS devices. It is designed to protect user privacy by preventing device-level tracking and instead providing anonymised data to advertisers. MGI's ML-Driven Optimisation for SKAN is a solution that enables publishers and advertisers to target efficiently with the use of SKAN. Recent research by Singular shows that MGI is the market leader in SKAN adoption, ahead of companies such as X, Reddit, Unity and Meta.

ATOM 3.0

At the end of April, MGI announced the release of ATOM 3.0, an industry-first on-device targeting solution for iOS that enables mobile marketers to meaningfully predict the characteristics of anonymous users in a privacy-compliant manner. This represents a significant competitive advantage in an ecosystem where 75 per cent of iOS users reject tracking, with a similar trend predicted for Android.

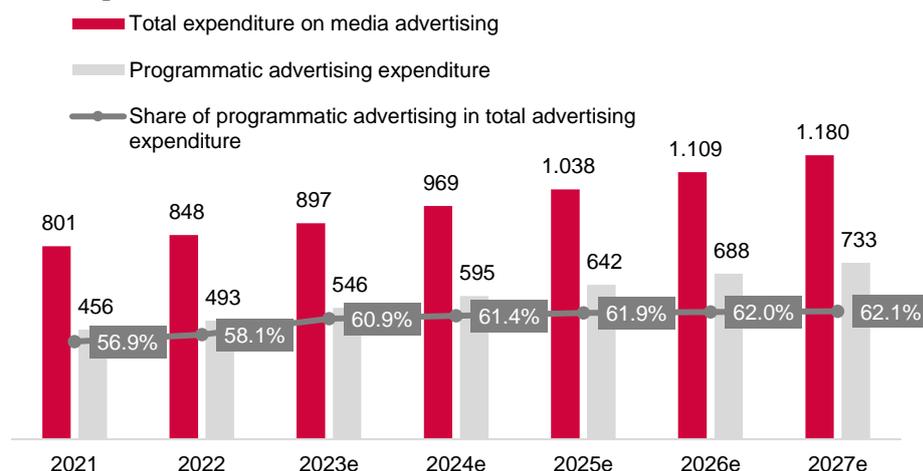
By utilising state-of-the-art AI technology on the device, ATOM processes signals from mobile devices and real-world context to predict user characteristics and classify them into cohorts. This gives advertisers the tools they need to deliver highly personalised advertising experiences while ensuring compliance with data protection regulations.

Originally launched in 2021, ATOM 3.0 is now seamlessly integrated with MGI's HyBid SDK. The HyBid SDK gives advertisers access to over 1.5 billion users across more than 10,000 apps worldwide. This unprecedented scale makes ATOM 3.0 the only scalable solution currently available for targeting users without ID on mobile devices, ensuring that advertisers and publishers can maintain audience addressability and engagement while respecting user choice.

MARKET AND MARKET ENVIRONMENT

MGI is now one of the largest marketplaces for in-app advertising in North America and Europe. Accordingly, the media group operates in the multi-billion-dollar growth sector of digital advertising and is particularly active in the dynamically growing segment of programmatic advertising.

Global advertising expenditure (USD billion) - significant growth in programmatic advertising



Sources: eMarketer; Statista Research Department; GBC AG

According to a study by the industry experts at eMarketer, global media advertising expenditure rose moderately by around 5.8% to USD 897 billion in 2023 (PY: USD 848 billion). At the same time, according to market data from Statista, global programmatic advertising expenditure grew disproportionately by 10.8% to USD 546.0 billion (PY: USD 493.0 billion). As a result, the programmatic advertising market grew significantly faster than the overall advertising market in 2023 despite a difficult macroeconomic environment.

In our opinion, the significantly better development of the programmatic market segment is partly due to the ongoing trend of advertisers increasingly shifting their advertising budgets to automated digital advertising platforms, as this advertising method is much more efficient and also delivers better advertising results and transparency.

With regard to the future market development of the programmatic segment, an average annual growth rate of 7.7% (CAGR) is expected and consequently a continuation of the significant market growth. At the same time, the share of programmatic advertising in total advertising expenditure is expected to continue to increase gradually, from a forecast 60.9% in 2023 to 62.1% in 2027. Mobile in-app advertising is one of the most important market segments in the programmatic advertising sector. According to market experts, this segment will be the fastest growing market in the USA in the coming years with a growth rate of 11.0% and will develop into the largest in-app advertising market worldwide, with an expected total volume of around USD 127 billion in 2024.

With its ad tech platform, MGI has focused and aligned itself to the fastest-growing segments (programmatic advertising and mobile in-app advertising) of the overall advertising market. Thanks to its good positioning within these market niches, the media group should be able to benefit significantly from the expected dynamic market growth in these segments.

HISTORICAL COMPANY DEVELOPMENT

Business development 2023

Key figures in € million	FY 2021	FY 2022	FY 2023
Revenues	252.17	324.44	321.98
Adjusted EBITDA (Adj. EBITDA)	71.10	93.20	95.20
EBITDA	65.04	84.75	128.46*2
Net result (after minorities)	16.06	-20.32*1	46.73*2

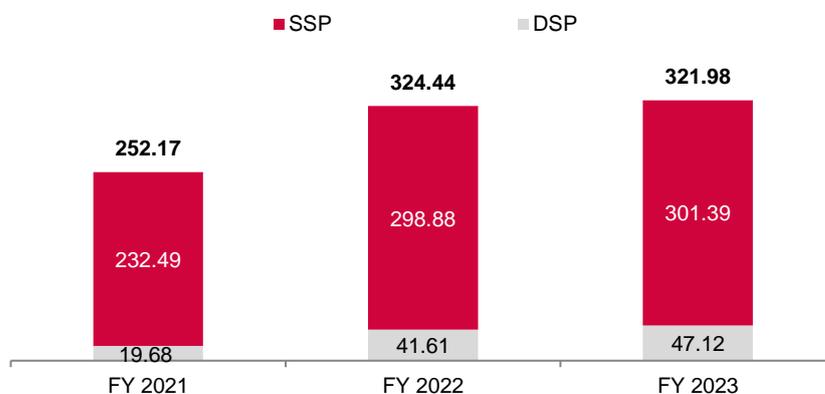
Sources: Media and Games Invest SE; GBC AG *1negatively influenced by a one-off write-down in the amount of € 23.6 million *2positively influenced by a special revaluation effect in the amount of € 62.76 million

Revenue development

The past financial year 2023 of the MGI Group was primarily characterised by a difficult market environment (weak economy, high interest rates, budget pressure, etc.). In addition, a renewed increase in organic growth momentum in the second half of the year was particularly striking for this financial period.

Despite the challenging conditions, the media company was able to achieve a solid sales performance compared to the previous year (PY: € 324.44 million) with sales revenue totalling € 321.98 million. The traditionally largest advertising segment, "Supply Side Platform", accounted for the lion's share of Group sales (SSP share of sales: 93.6%), with sales totalling € 301.39 million (PY: € 298.88 million).

Development of Group sales and segment sales (in € million)*



Sources: Media and Games Invest SE; GBC AG *Segment revenue before consolidation effects

On a comparable basis, the company even reported a moderate increase in consolidated sales of 5.0%. A particularly high sales growth rate of 16.0% was achieved in the final quarter, which is traditionally the strongest in terms of sales.

The revenue growth was primarily based on an increase in the software customer base and the volume of advertising placed. The number of customers on MGI's digital advertising platform increased dynamically by 18.9% year-on-year to 2,276 at the end of the fourth quarter (Q4 2022: 1,915). At the same time, the volume of digital advertising delivered increased significantly by 19.1% to 206 billion at the end of the fourth quarter (advertising ads at the end of Q4 2022: 173 billion).

Thanks to the significant expansion of its software customer base and the sharp increase in its advertising volume, MGI was able to hold its own and even gain market share despite

the challenging market situation (low CPMs, reduced advertising budgets, etc.). As a result, the media group has further improved its existing market position in the mobile advertising market segment. This is also reflected in the market-leading positions on iOS and Android with a market share in North America of 12.0% on both operating system platforms, according to the industry experts at Pivalate. As a result, the media company has outperformed the general advertising market.

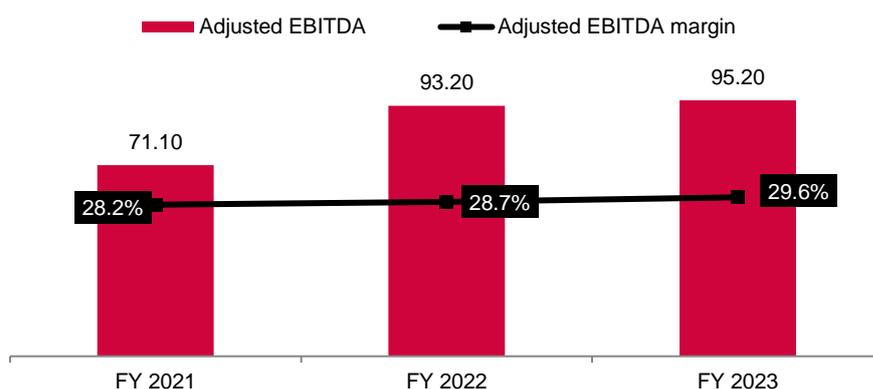
MGI was thus even able to significantly exceed its sales guidance (sales of € 303.0 million), which was adjusted in the third quarter of 2023. Our sales forecast (sales of € 303.21 million) was also exceeded.

Earnings development

The media group achieved growth at all earnings levels, in particular due to the revaluation of the AxesInMotion earn-out payment liability (positive one-off effect of € 62.76 million). As a result, EBITDA increased significantly by 51.6% year-on-year to € 128.46 million (PY: € 84.75 million). Adjusted for one-off effects (e.g. M&A and restructuring costs or revaluations of balance sheet items), adjusted EBITDA (Adj. EBITDA) totalled € 95.20 million, representing a slight increase in earnings compared to the previous year (PY: € 93.20 million).

This resulted in a slight increase in the adjusted EBITDA margin (Adj. EBITDA margin) to 29.6% (PY: 28.7%). This increase in profitability reflected the first positive effects of the cost-cutting programme initiated in the past financial year 2023, which is expected to achieve annual cost savings of around € 10.0 million once successfully implemented. In our opinion, the majority of the expected savings effects should materialise in the current 2024 financial year. The focus of the cost optimisation initiative launched to increase cost efficiencies is primarily on streamlining general cost structures and optimising the various digital platforms.

Development of adjusted EBITDA and the adjusted EBITDA margin (€ million)



Sources: Media and Games Invest SE; GBC AG

This also exceeded the company's earnings guidance (Adj. EBITDA of € 93.0 million), which was adjusted in the third quarter of 2023. Our adjusted EBITDA forecast (adjusted EBITDA: € 93.07 million) was also exceeded.

In the past financial year 2023, consolidated net income (after minority interests) of € 46.73 million was achieved, a significant improvement on the previous year (PY: € -20.32 million). This significant improvement in earnings was mainly due to the aforementioned positive one-off effect from the revaluation of an M&A-related payment obligation. A relatively low tax-expense ratio also favoured the positive earnings trend.

Overall, MGI has succeeded in achieving a solid operating performance and even further expanding its market share despite the difficult macroeconomic environment. In addition, the cost-cutting programme is beginning to bear fruit. In addition, organic growth momentum picked up again significantly in the final quarter.

Net assets and cash flow situation as at 31 December 2023

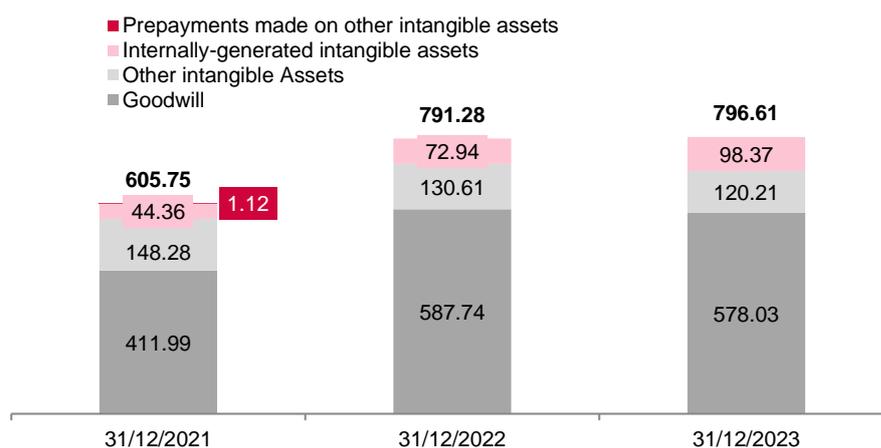
Key balance sheet figures in m €	31/12/2021	31/12/2022	31/12/2023
Equity capital	307.49	321.75	352.46
Intangible assets	605.75	791.28	796.61
thereof goodwill	411.99	587.74	578.03
Cash and cash equivalents	180.16	149.99	121.74
Non-current liabilities	383.17	503.44	413.80
thereof bonds	343.93	389.39	348.04

Sources: Media and Games Invest SE; GBC AG

The positive company performance of recent years, the implemented M&A strategy and the media group's high-margin digital advertising platform (ad tech platform) are also reflected in the company's balance sheet.

Due to the digital business model and the M&As carried out, intangible assets make up the lion's share of the balance sheet total at € 796.61 million, of which € 578.03 million (72.6% of total intangible assets) is attributable to the balance sheet item goodwill and € 120.21 million to other intangible assets.

Composition of intangible assets (in € million)



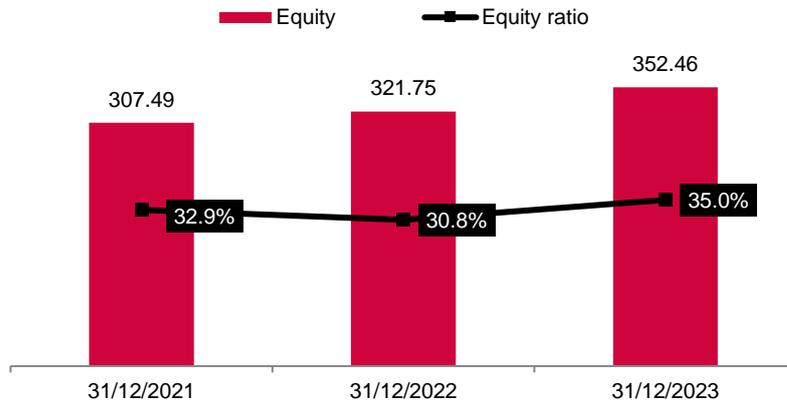
Sources: Media and Games Invest SE; GBC AG

Due to negative currency valuation effects, goodwill fell slightly compared to the end of the previous financial year to € 578.03 million (31/12/2022: € 587.74 million).

Important items on the liabilities side of the balance sheet as at the balance sheet date of 31 December 2023 are equity and bonds issued. Their equity position increased significantly to € 352.46 million (31/12/2022: € 321.75 million) due to their clearly positive net profit for the year. Thanks to their strong operating cash flow, among other things, their bond volume and bond liabilities were significantly reduced to € 348.04 million (31 December 2022: € 389.39 million).

In view of this, the disproportionate increase in equity in relation to debt resulted in a significant increase in their equity ratio to 35.0% at the end of the past financial year (31 December 2022: 30.8%). The equity ratio therefore remains at a relatively high and solid level.

Development of equity and equity ratio (in € million / in %)

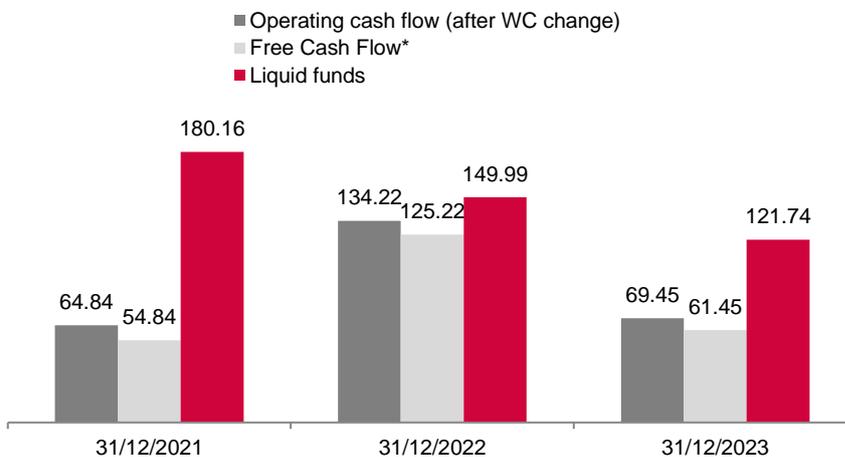


Sources: Media and Games Invest SE; GBC AG

As a result of the positive business performance, the operating cash flow in the past financial year 2023 remained at a high level of € 69.45 million (31 December 2022: € 134.22 million).

The media group also had access to cash and cash equivalents totalling € 121.74 million as at the reporting date. In conjunction with the interest-bearing financial liabilities, this resulted in net debt of € 416.74 million at the end of the past financial year, according to the company, which has improved significantly compared to the previous year's reporting date (31 December 2022: € 444.99 million).

Operating cash flow and free cash flow as well as cash and cash equivalents (in € million)



Sources: Media and Games; GBC; *Free cash flow = operating cash flow - normal investments (maintenance, optimisation, etc.)

Business development Q1 2024

P&L (in € million)	Q1 2022	Q1 2023	Q1 2024
Revenues	65.87	68.75	82.47
EBITDA (EBITDA margin)	16.87 (25.6%)	17.43 (25.3%)	20.19 (24.5%)
Adj. EBITDA (Adj. EBITDA margin)	17.55 (26.6%)	19.10 (27.8%)	22.00 (26.7%)
Net result	2.54	0.57	0.61

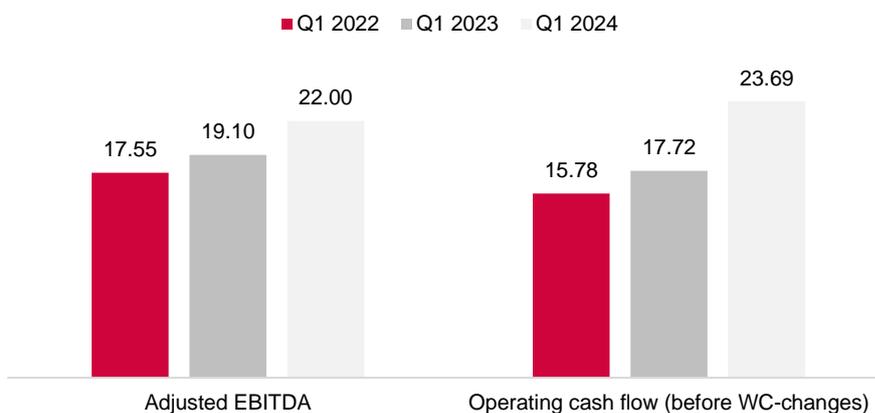
Sources: Media and Games Invest SE; GBC AG

On 7 May 2024, the MGI Group published its business figures for the first quarter of the current financial year 2024. According to these figures, the ad tech company achieved a dynamic increase in sales of around 20.0% to € 82.47 million (Q1 2023: € 68.75 million) in the first quarter due to strong organic growth (+21% YoY). The media company has thus achieved record sales in relation to the opening quarters to date.

Organic growth was driven in particular by an increase in the advertising budgets of existing customers and by connecting new software customers to the company's programmatic advertising platform. In addition, the launch of new innovative products and the recovery of the advertising market also favoured the positive sales trend. The latter was also reflected in a significant expansion of advertising budgets among customers to 110.0% (net dollar expansion rate Q1 2023: 89.0%).

Accordingly, the total number of software customers in the first quarter increased significantly by 30.0% year-on-year to 2,410 (Q1 2023: 1,854). At the same time, the number of adverts delivered increased by 20.0% to 200 billion (Q1 2023: 166 billion). The strong increase in the customer base has given MGI a good basis for further growth, as customers typically gradually increase their advertising revenue with MGI over the duration of the business relationship.

Development of EBITDA and operating cash flow (in € million)



Sources: Media and Games Invest SE; GBC AG

In line with their dynamic sales development, adjusted EBITDA (Adj. EBITDA) also increased significantly by 15.2% to € 22.0 million (Q1 2023: € 19.10 million). This resulted in an adjusted EBITDA margin of around 27.0%, which was almost at the same high level as the previous year (Q1 2023: around 28.0%).

MGI also recorded significant growth at cash flow level. Operating cash flow (before changes in working capital) increased significantly by 33.7% to € 23.69 million compared to the same quarter of the previous year (Q1 2023: € 17.72 million).

In addition, the media company also announced a cooperation with Google in the first quarter in order to leverage further operational cost efficiencies and also strengthen the

innovative power of the MGI Group. This is to be achieved by consolidating the MGI marketplaces into a single cloud infrastructure on Google Cloud. The majority of this planned consolidation should be completed by mid-2025 and lead to significant cost savings totalling € 20 million over the next four years.

FORECASTS AND EVALUATION

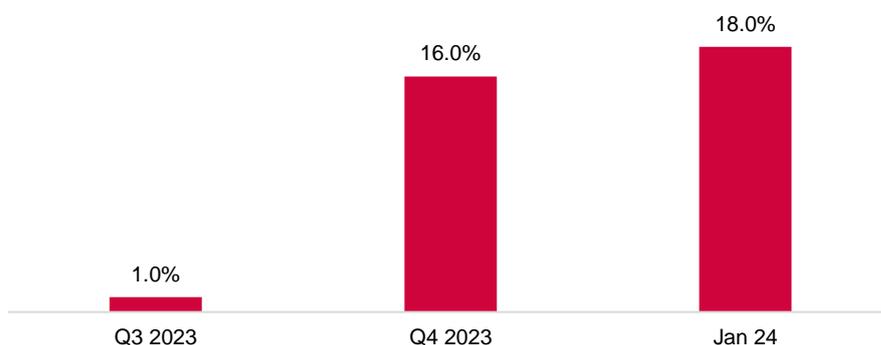
P&L (in € million)	FY 2023	FY 2024e	FY 2025e	FY 2026e
Revenues	321.98	352.18	389.51	437.03
Adjusted EBITDA (Adj. EBITDA)	95.20	106.68	119.45	136.97
EBITDA	128.46* ¹	100.08	113.35	130.67
Net result (after minority interests)	46.73* ¹	13.97	22.03	34.01

Sources: Media and Games Invest SE; GBC AG estimates *¹positively influenced by a special revaluation effect in the amount of € 62.76 million

Revenue and earnings forecasts

With the announcement of their preliminary business figures, the MGI Group also provided a rough outlook for the current financial year 2024. In view of a particularly strong fourth quarter (organic growth Q4 2023: 16.0%) and an even more dynamic first quarter (organic growth Q1 2024: 18.0%), MGI's management expects double-digit sales growth and an improvement in their earnings situation for the current 2024 financial year. In the course of their recent publication of their business figures for the first quarter, the company once again concretised its previous outlook. MGI now expects revenue in the range of € 350.0 million to € 370.0 million and adjusted EBITDA (Adj. EBITDA) of € 100.0 million to € 110.0 million for the current financial year 2024.

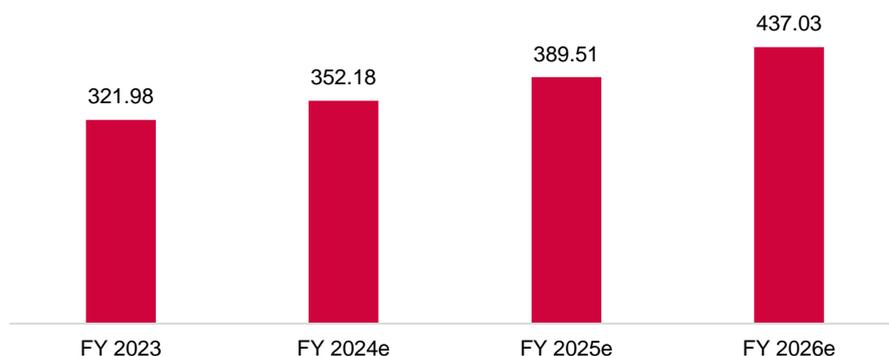
Development of organic sales growth (in %) at the turn of the year



Sources: Media and Games Invest SE; GBC AG

In our published research study (see study dated 4 March 2024) on the preliminary business figures for 2023, we adjusted our previous sales and earnings forecasts upwards due to the positive outlook, the increased (organic) growth momentum and the expected recovery of the advertising market.

Expected revenue development (in € million)

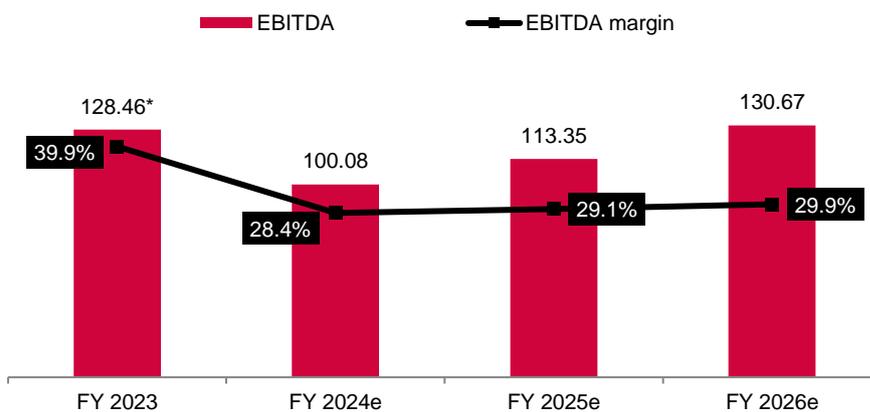


Sources: Media and Games Invest SE; GBC AG estimates

In view of their convincing performance in the first quarter, their sustained high sales momentum and the confirmation of the positive company outlook, we hereby confirm our previous sales and earnings forecasts for the current financial year and subsequent years.

For the current 2024 financial year, we continue to conservatively expect sales of € 352.18 million and EBITDA of € 100.08 million. For the 2025 and 2026 financial years, we expect sales of € 389.51 million and € 437.03 million respectively. In terms of EBITDA, we expect € 113.35 million (FY 2025) and € 130.67 million (FY 2026) for these financial periods. At the same time, the EBITDA margin should gradually increase from an expected 28.4% in 2024 to a forecast 29.9% in 2026.

Expected EBITDA and EBITDA margin (in € million / in %)



Sources: Media and Games Invest SE; GBC AG estimates *positively influenced by a special revaluation effect in the amount of € 62.76 million

Overall, the MGI Group should be able to return to profitable growth thanks to its good market positioning (especially in the US market) and the expected recovery of the advertising market. In particular, their innovative customer solutions (AI targeting solutions, etc.) should make a significant contribution to boosting their customer base and ad tech platform revenue.

Based on our unchanged forecasts for the current financial year 2024 and subsequent years, we have maintained our previous price target of € 4.50 (previously: € 4.50). In view of the current share price level, we therefore continue to assign a "BUY" rating and see significant upside potential in the MGI share.

Peer-group analysis

In parallel to the valuation of Media and Games Invest SE using our DCF model, we also conducted a peer-group analysis. On the basis of various comparative figures used, such as traditional earnings multiples, this also revealed a significant undervaluation of MGI. The results of the peer-group analysis thus additionally support our valuation result based on the DCF model used.

Company	Ticker	EV/Revenue 23	EV/Revenue 24e	EV/Revenue 25e	EV/Revenue 26e	EV/EBITDA 23	EV/EBITDA 24e	EV/EBITDA 25e	EV/EBITDA 26e
Ad-tech									
The Trade Desk Inc.	TTD (NasdaqGM)	20.70	16.88	14.12	11.56	122.60	41.99	33.94	25.57
PubMatic Inc.	PUBM (NasdaqGM)	3.80	3.41	3.08	2.71	25.00	11.31	9.50	7.48
Viant Technology Inc.	DSP (NasdaqGS)	0.70	0.57	0.51	0.43	63.70	3.99	3.25	2.20
Magnite Inc.	MGNI (NasdaqGS)	2.50	2.60	2.36	2.01	15.20	8.12	7.10	6.07
AcuityAds Holdings Inc.	ILLM (TSX)	0.30	0.30	0.27	0.25	n.s.	7.60	4.09	3.57
DoubleVerify Holdings Inc.	DV (NYSE)	8.70	7.14	5.87	4.86	37.90	23.15	18.48	14.57
Integral Ad Science Hold. Inc.	IAS (NasdaqGS)	3.40	3.02	2.65	2.33	24.10	9.23	7.74	6.65
LiveRamp Holdings Inc.	RAMP (NYSE)	2.90	2.58	2.37	2.14	n.s.	16.01	12.56	8.45
Digital Turbine Inc.	APPS (NasdaqCM)	0.80	0.93	0.92	0.84	4.20	5.55	5.40	4.55
Nexxen Int. Ltd	NEXN (AIM)	0.90	0.82	0.77	n.s.	4.80	2.98	2.67	n.s.
Criteo S.A.	CRTO (NasdaqGS)	0.90	1.70	1.65	1.50	8.70	5.76	5.48	4.92
YOC	XTRA:YOC	1.80	1.51	1.30	n.s.	12.83	10.03	8.00	n.s.
Median		2.15	2.14	2.01	2.08	19.65	8.68	7.42	6.36
Ad-software and content									
AppLovin Corp.	APP (NasdaqGS)	8.30	6.64	6.02	5.56	23.40	12.95	11.47	10.35
Azerion Group N.V.	AZRN (ENXTAM)	0.70	0.59	0.53	0.55	2.80	4.61	3.97	3.70
Future plc	FUTR (LSE)	1.40	1.35	1.32	1.26	4.00	4.37	4.26	3.94
Median		1.40	1.35	1.32	1.26	4.00	4.61	4.26	3.94
Gaming									
Embracer Group AB	EMBRAC B (OM)	1.40	1.27	1.25	1.19	8.00	4.85	4.52	4.12
Stillfront Group AB	SF (OM)	1.50	1.29	1.25	1.21	7.30	3.68	3.41	3.22
Paradox Interactive AB	PDX (OM)	6.20	5.86	5.48	5.26	16.10	8.41	8.04	7.73
Modern Times Group AB	MTG B (OM)	1.60	1.42	1.35	1.28	6.20	5.28	5.25	4.97
Team 17 Group	TMI7 (AIM)	2.20	2.24	2.16	2.09	9.60	8.45	7.99	7.98
Median		1.60	1.42	1.35	1.28	8.00	5.28	5.25	4.97
Ø Total Peer group		3.54	3.11	2.76	2.61	22.02	9.92	8.36	7.22
Media and Games Invest SE	XTRA:MIG	1.50	1.48	1.33	1.21	11.50	5.30	4.70	4.22
MGI vs. Ø Peer group		-57.6%	-52.4%	-51.8%	-53.7%	-47.8%	-46.6%	-43.8%	-41.6%

Sources: S&P Capital IQ; GBC AG

APPENDIX

I.

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BUY

The expected return, based on the calculated price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.

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