

# SMAATO ACQUISITION

14 July 2021



smaato<sup>®</sup>

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# Today's Presenters and Ownership Structure

Shares listed on Frankfurt Stock Exchange and Nasdaq First North Premier Stockholm



## Remco Westermann

CEO & Chairman of the Board since 2012

- Manager, entrepreneur and investors with more than 25 years of experience from various leadership positions
- Founding, reorganizing and growing various companies in the new technologies and media sector



## Paul Echt

CFO since 2018

- Finance manager with more than 10 years of experience from the tech and finance industry
- Previously positions at UniCredit Bank in Berlin, Munich and New York as well as Shopgate Inc. in San Francisco



## Ionut Ciobotaru

CPO of Verve Group

- + 15 years of experience in the ad tech industry
- Founder of PubNative, founder of web development company Weebo and previous positions at Applift and EA



## Sameer Sondhi

CRO of Verve Group

- + 20 years of experience in the mobile industry working with operators and media companies
- Sameer held executive positions at InMobi, Opera Media, GroundTruth, Infospace, and LiveWire

## Shareholdings (149,679,980 shares)<sup>1</sup>

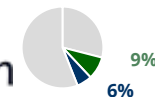
### Remco Westermann



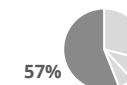
Remco Westermann holds his MGI shares via the German holding company Bodhivas GmbH. Bodhivas GmbH is based in Düsseldorf where Remco Westermann resides and holds the shares of Remco Westermann as well as voting rights of early gamigo Investors.



OAKTREE Janus Henderson  
INVESTORS



Oaktree Capital Management, LP is a USD 140bn diversified global asset manager growing their platform companies into recognized market leaders. Janus Henderson Investors is a global asset manager with EUR 340bn AUM who take an active investment approach in the most compelling opportunities in the market.



DIDNER & GERGE  
FONDER



KNUTSSON  
HOLDINGS AB

The free float is composed of retail and institutional investors who bought the shares on the secondary market and during various capital increases e.g., Skandia Fonder, Atlant Fonder, BMO Global Asset Management, Didner & Gerge Fonder and Knutsson Holdings.

Source: Group information

Note: 1) To hire top key employees as well as retaining employees the board has decided to launch an ESOP program and to allow for the issuance of up to 15 million new MGI shares, earliest from May 2024 and latest till December 2030 via an option at a strike price of minimal Euro 2.60 per share.

# MGI acquires Smaato

Leading Monetization Ad-Platform for Games and other Publishers

## Investment Rationale

- **Highly accretive acquisition** increasing MGI's Group EBITDA by 29%
- **Long term client relationships** with rising revenues strengthening the quality of earnings in MGI's Media segment
- Acquisition adds **critical mass to MGI's Media segment** via additional demand and supply
- **Substantial revenue synergies** for MGI's Games Portfolio by adding substantial reach
- **Strong SaaS-IP** with ample growth potential

## Top-notch Publishers in relevant Verticals



## A Word from Mr. Shen (QS Funds)



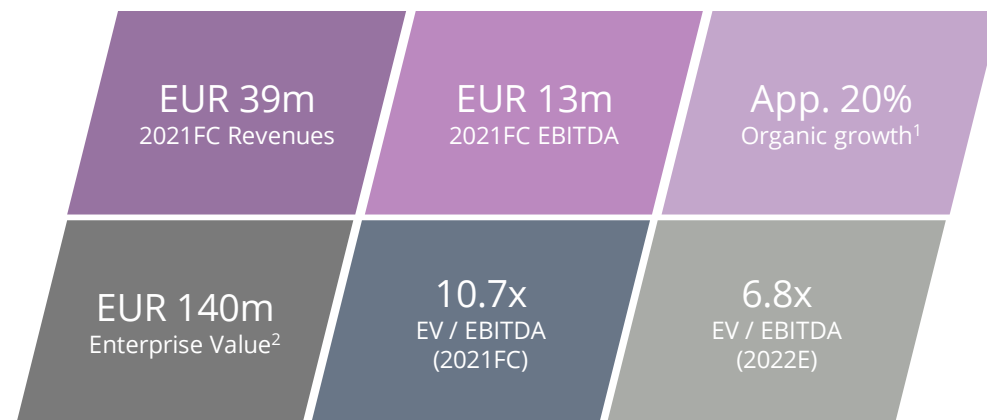
Mr. Shen Wei (沈伟)

*"After five years we have reached our investment horizon with Smaato. With the sale to MGI, we have not only found a successful conclusion to the investment for us but were also able to find the perfect opportunity for Smaato to continue to grow and be successful in the long term.*

*MGI has not only achieved astonishing results in the past, but also has a clear strategy for the future, of which we are very convinced. For this reason, we have decided to stay on board after the sale, in the form of a strategic partnership with MGI in which we will contribute our expertise and strengths in the Chinese market.*

*China is one of the most important markets in the world and I am very positive about MGI's further growth in China. We look forward to seeing the results of this strategic partnership."*

## Smaato Financials at a Glance



(1) FC2021 vs 2020A





**I. Introduction to Smaato**

II. Customers and Case Studies

III. Growth Strategy

IV. Financial section



# About Smaato

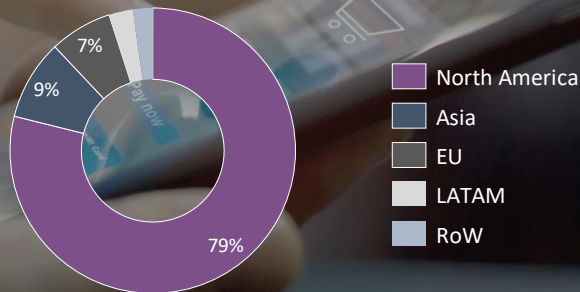
A quick Introduction to Smaato

**Smaato's Digital Ad Tech Platform** is an omnichannel, self-serve monetization solution and ad server.

**Publishers** can bring their first-party data and manage all inventory in one place.

**Advertisers** get access to the highest-quality inventory to reach audiences around the world and on any device.

Revenue - by Region  
(2020)



## Self-Serve

Cloud-based SaaS platform



## Mobile First

Monetization controls built with programmatic in mind



## Demand Ready

Built-in global demand partnerships



## Global Footprint

Reach: 1.3 Billion+ uniques)  
Analytics (50 Billion+ Publisher requests daily)<sup>1</sup>



## Omnichannel Mindset

In-app, open web and screen agnostic



## Strong Team

Approx. 150 Employees



## Mobile Natives

70% of employees have been in mobile from day 1



## Supply Side Veterans

50%+ of employees on the supply side for over 10+ years



## Product is Key

Product-Oriented Organization



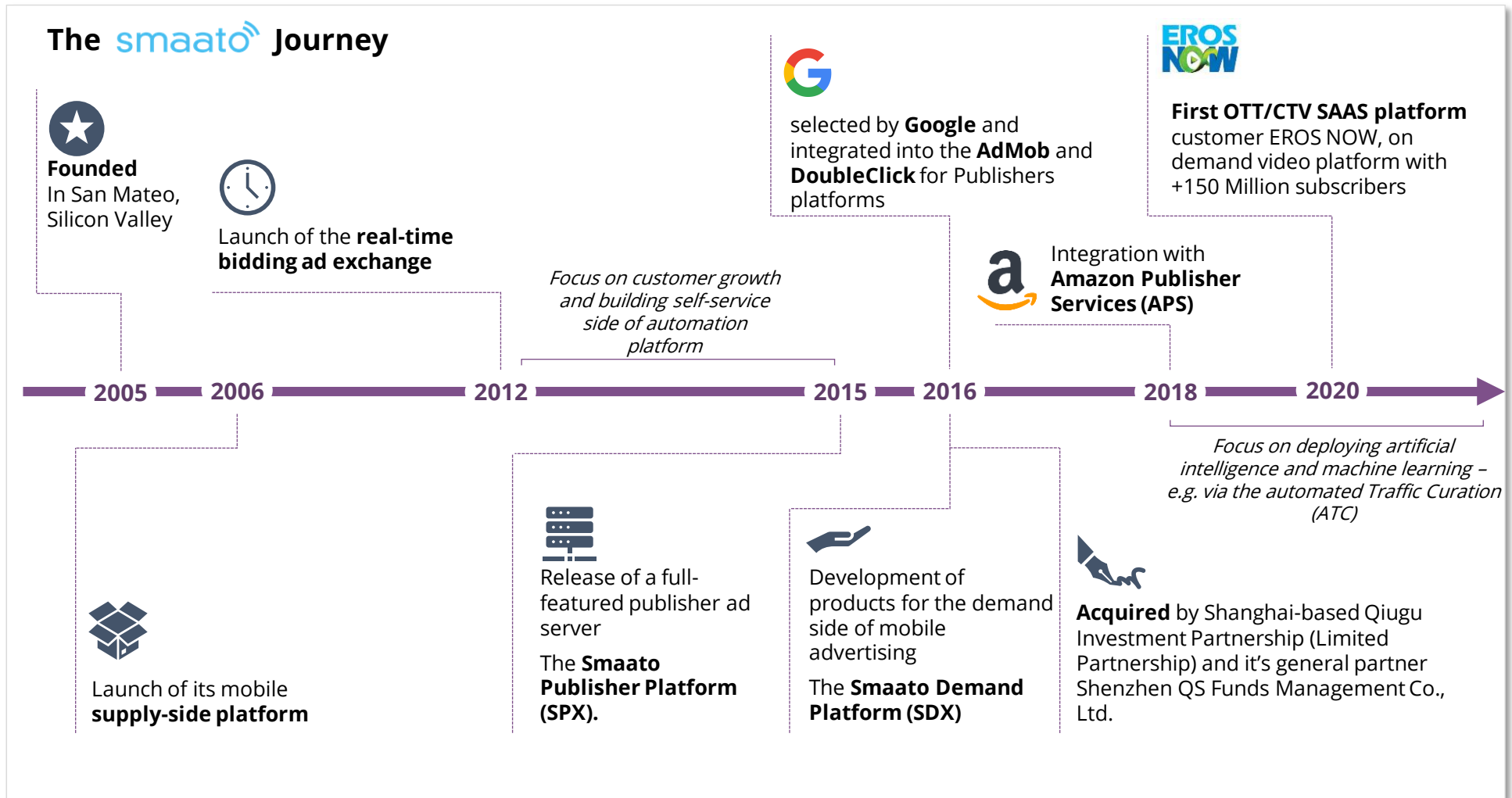
## Technology Platform

no cost to publishers

Note 1) Company estimate

# Smaato Milestones
















Company Accomplishments from Inception to current Day



Source: Company information

# Smaato Product Overview

Smaato: a product and tech-wise leading digital AdTech Company

Quick & Easy Implementation	Unified Marketplace	Flexible Formats	Future Proof	Publisher Focus
 <p>Simple 3 step process to signing up to platform</p>	 <p>Unified Auction of direct and indirect monetization channels with server-side auction inside ad-server</p>	 <p>Mobile first platform built with all formats in mind and backward compatible across all channels</p>	 <p>Monetization solution constantly evolving and adapting to changing digital advertising ecosystem</p>	 <p>Fully managed client support team is there every step of the way for our publishers.</p>
 <p>Mobile first built ad server that works across all screens and formats.</p>	 <p>Unified Bidding is in-app header bidding with real-time price competition across traditional waterfall</p>	 <p>Support of banners, full-screen interstitials, instream and outstream video, native &amp; rewarded ad formats, splash ads, and many others</p>	 <p>Full support for Display, Video &amp; Native. This leads to focus on audience packages, market quality &amp; better insights.</p>	 <p>High privacy and compliance standards allowing each publisher to build own walled garden with programmatic direct buys (PDB).</p>
 <p>Easy integration via API, SDK as well as with other platforms / exchanges</p>	 <p>Platform allows all auctions to use real-time pricing and giving publishers more control to drive up CPM's</p>	 <p>Adaptive formats to publisher's content and can be client-side or server-side</p>	 <p>All things real-time lead to better insights and Smaato's platform for OTT is built for future CTV video monetization, packages &amp; quality controls</p>	 <p>Platform built for global audiences and with a global team ensuring customer availability 24/7</p>

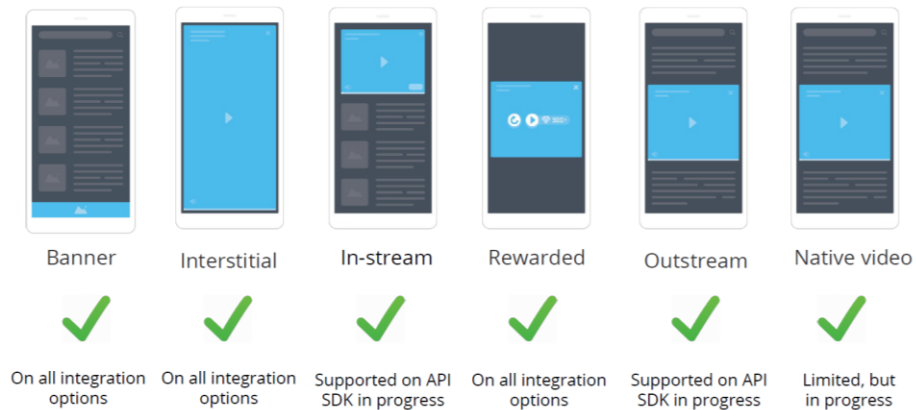
Source: Company information



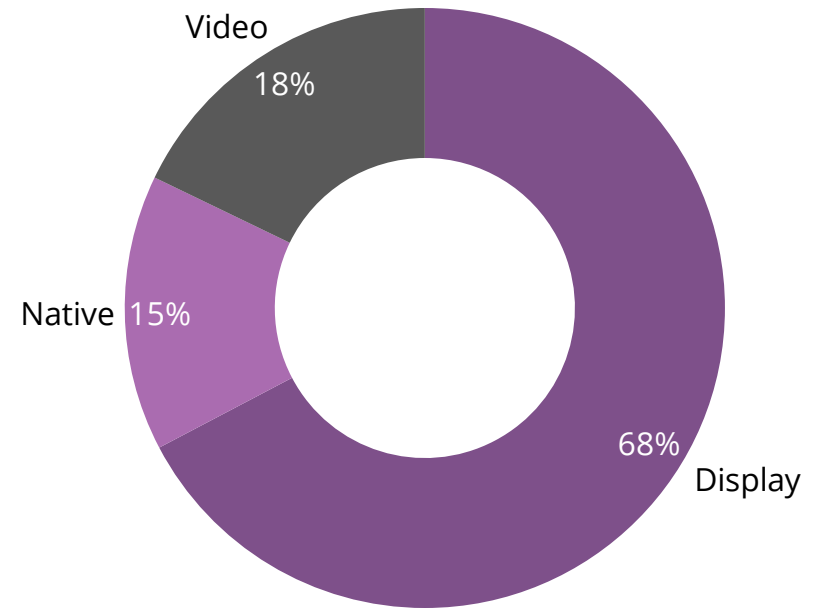
# The Smaato Software Supports all major Ad Formats

Publishers bring their First-Party Data and manage their entire Ad Stack on one complete Platform

## Ad Format Support



## Revenue Breakdown by Ad Format<sup>1</sup>



Note 1) FY2020

I. Introduction to Smaato

 **II. Customers and Case Studies**

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id=33-368888\_304040.q117

# Feedback from Smaato Customers

The Customers love Smaato

## Demand Partners



*"The Smaato team consistently proves that they are **dedicated to helping us reach our goals**. Smaato impressed us with one of the **fastest ramp-up periods** of any of our new supply partners. We are particularly impressed with the **professionalism of the account management team** who are always quick to respond and proactively identify new opportunities for our **Betty Wan business**."*  
Business Development & Partnerships



### GroundTruth

*"Smaato offers a wide variety of **premium in-app publishers on a global scale**. They worked with us to build out unique PMPs with the **highest quality location-based inventory**, in order to drive optimal cost-per-visit and audience-targeted campaigns for our advertisers. The **setup was both easy and efficient** in helping us exceed our campaign goals."*

**Ted Babitz**

VP Data & Supply

## Publisher Partner



*"Smaato provides an **advanced mobile ad exchange** that gives us scale and coverage across a **wide range of ad formats and geographies**. Smaato also provides personalized account management which makes it a great partner to work with."*

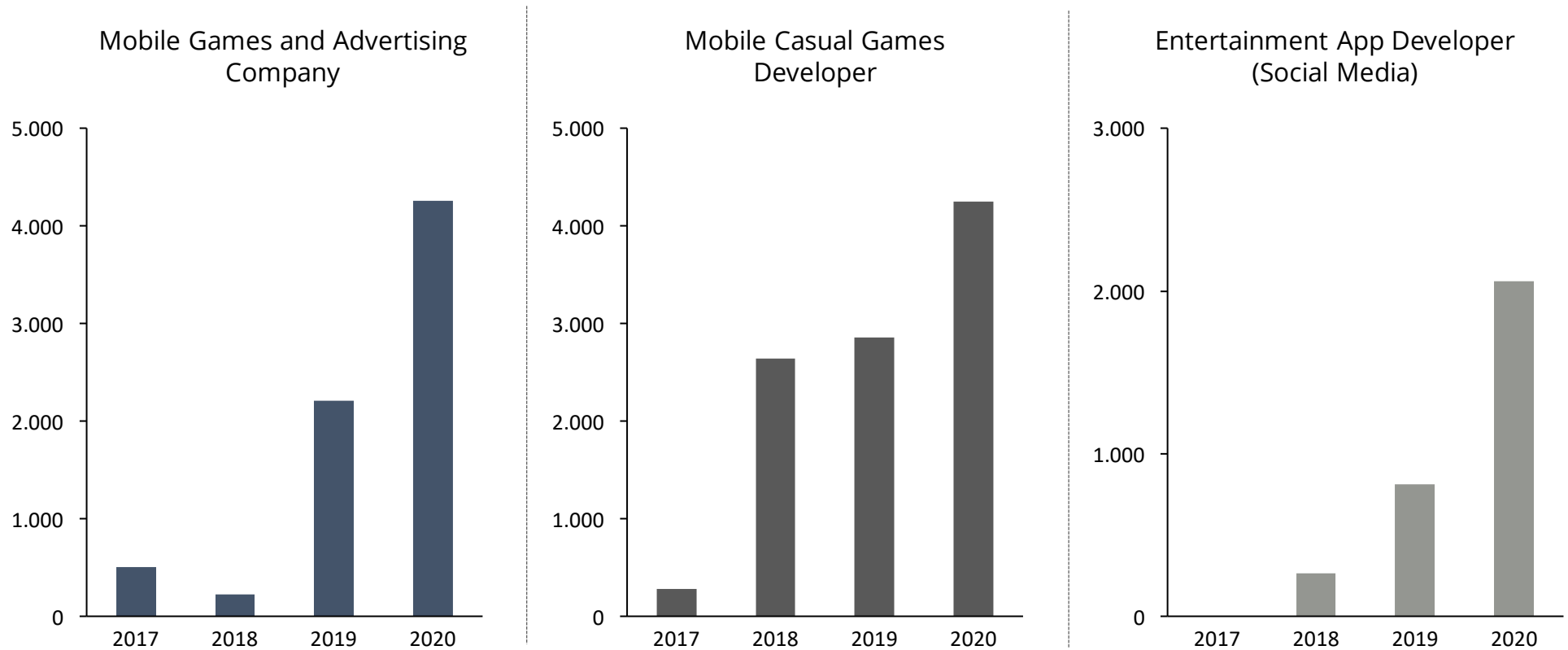
**Olivier Rozay**

Chief Revenue Officer

# Rising Volume from Top Publishers

Smaato Volumes grow with their Publishers

(in \$k)

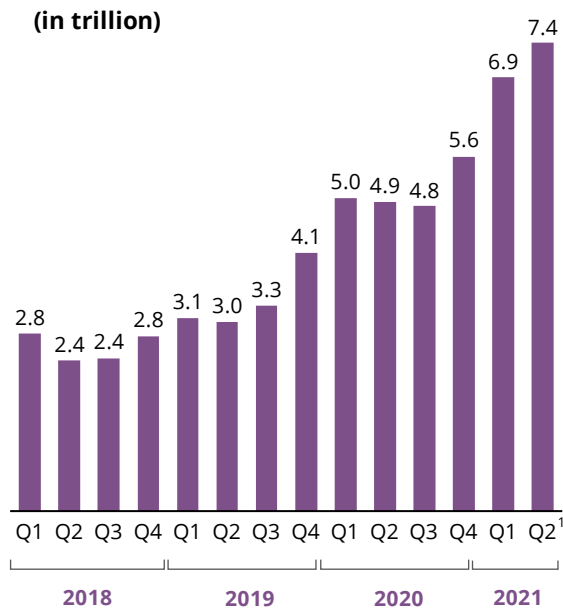


Source: Company Information

# Rising Volume from Top Publishers

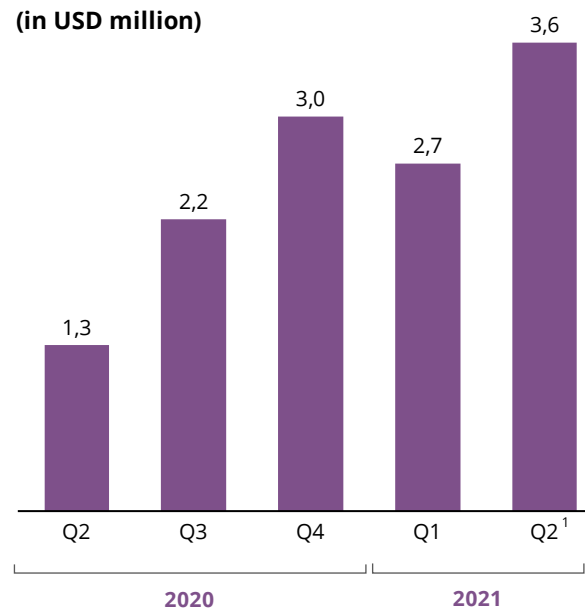
## Top Publisher Quarterly Volume Trends

Publisher Requests

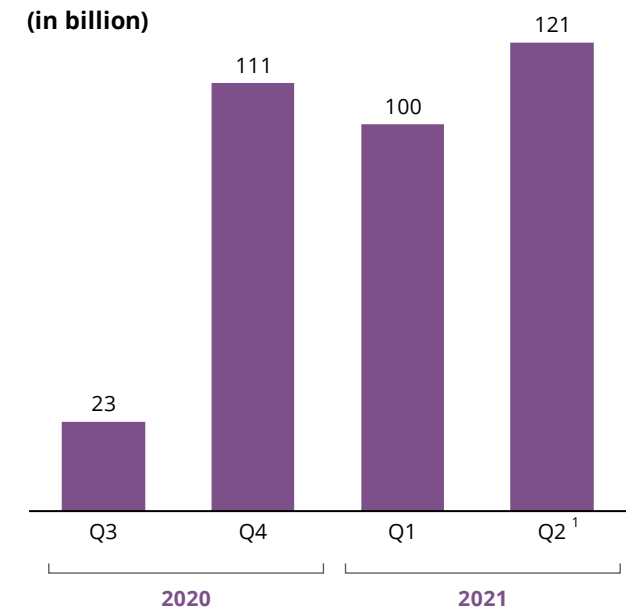


Note: Advertiser requests are 4X of the above

Revenues for 1 Top 50 Publishers



Requests growth for 1 top 50 Publishers



Increased reach & scale



Diversified volume across Publishers & Advertisers



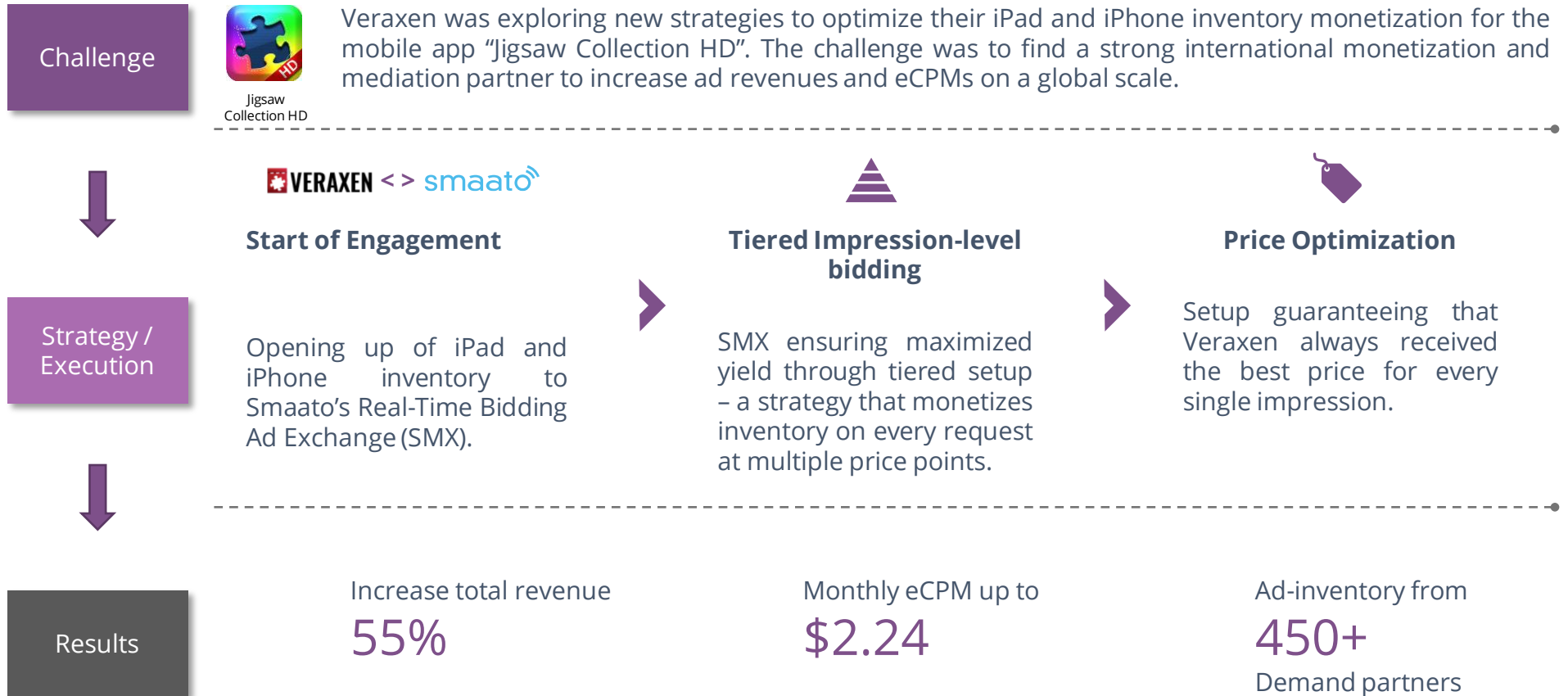
Publisher Volume Follows Revenue

<sup>1</sup>) Preliminary numbers which have not been subject to any review or audit by the auditors



# A Monetization Success Story

## The Veraxen Case Study



# A Monetization Success Story

## The FunCorp Case Study

### Challenge



iFunny App

FunCorp's most popular product is iFunny, an app that provides a community for meme lovers and viral memes from around the internet. The app features an engaged audience and impressive ad viewability rates. With this strong engagement already in place, FunCorp was looking for ways to leverage their high viewability to maximize revenue.



### Strategy / Execution

 smaato

Improve inventory value via Smaato's **pre-packaged deals**



#### Curated inventory

Evolving set of curated, brand-safe inventory packages allowing demand partners to purchase high-quality, targeted inventory



#### Viewability measurement

Integral Ad Science (IAS) and Moat viewability measurement including only ad space with average viewability rate >70% / > 90%



#### Dynamic Updating

Ad spaces updated and added to the relevant IAS and Moat packages dynamically & on daily basis when they surpass viewability threshold



### Results

Increase of  
**128%**  
In total revenue











eCPM increase of  
**34%**  
on pre-packaged inventory

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# Tick-the-Box M&A Strategy

As a perfect fit, Smaato complements several open Positions

Platform		In-App	Mobile Web / Web	CTV / OTT	DOOH
Vertical Integration	Creative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Managed Brand	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Managed Performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	DSP (Self Serve, Enterprise)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	DMP	<input checked="" type="checkbox"/> 	<input checked="" type="checkbox"/> 	<input type="checkbox"/>	<input type="checkbox"/>
	Open Exchange / Network	<input checked="" type="checkbox"/> 	<input type="checkbox"/> 	<input checked="" type="checkbox"/> 	<input type="checkbox"/>
	SSP + HB	<input checked="" type="checkbox"/> 	<input type="checkbox"/> 	<input checked="" type="checkbox"/> 	<input type="checkbox"/>
	PMP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Analytics, Measurement & Attribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audiences OX	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1st Party Data (own SKD)	<input checked="" type="checkbox"/> 	<input type="checkbox"/> 	<input type="checkbox"/>	<input type="checkbox"/>	
Atom (probabilistic)	Test	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**Legend:**  (Standalone): Already part of MGI value proposition  (Standalone): Currently unticked box  
 + **Acquisition:** Increasing reach / critical mass of existent value proposition  + **Acquisition:** Newly ticking the box through the acquisition

Source: Company Information

# Future Growth Levers are available across 5 dimensions

With multiple Growth Drivers, Smaato is well-positioned in an Ecosystem rapidly shifting towards ROI

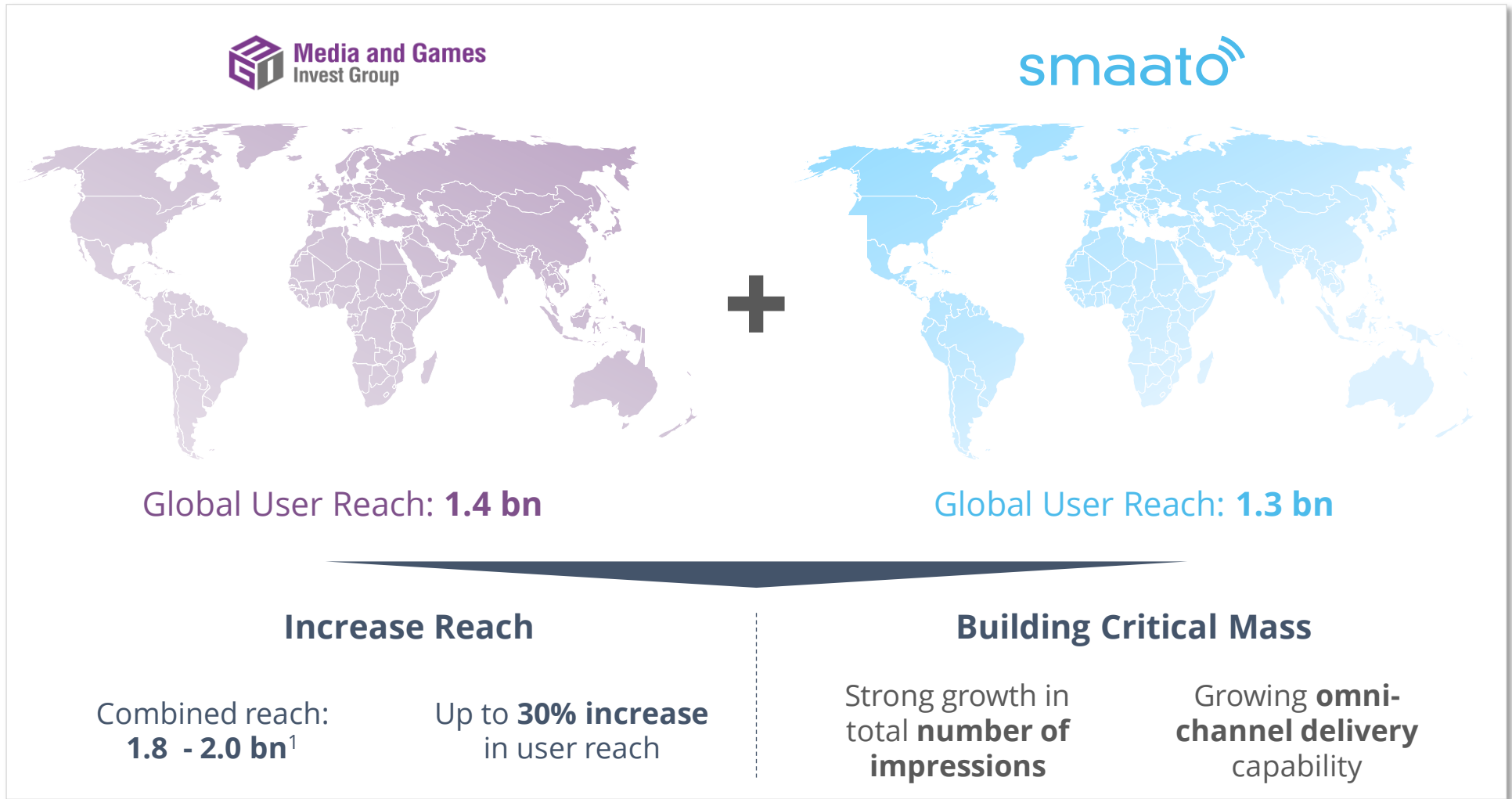
Publishers	<ol style="list-style-type: none"><li>1 Get the controls to monetize their ad stack on one complete platform and free ad server</li><li>2 All major pubs are connected, now we grow upstream and across other properties with platform value</li><li>3 Build additional value by onboarding and scaling web and mobile web publishers</li></ol>
Advertisers	<ol style="list-style-type: none"><li>1 Extend global reach to deliver engaging experiences to users worldwide</li><li>2 Build preferred buying relationships via PMP and open market by direct and transparent access to supply</li><li>3 Continue building value on Limited Ad Tracking inventory by content, context, non PII data</li><li>4 Improve sales efficiency via global salesforce from <b>Verve Group</b></li></ol>
Video & CTV	<ol style="list-style-type: none"><li>1 Gain adoption of video ad-server built for on-demand and live video controls</li><li>2 Constantly Innovate on giving publishers controls to package video like TV commercials</li><li>3 Smaato's in house Server Side Ad Insertion solution will reduce cost and eliminate fraud</li><li>4 Drive live TV advertising with its dynamic ad podding</li></ol>
Product, Technology & Scale	<ol style="list-style-type: none"><li>1 Stay ahead of the market by investing in new tech and the people that build it</li><li>2 Incorporate cutting edge machine learning techniques to further boost prediction accuracy</li><li>3 Being prepared for Increased IDFA Less Traffic and leveraging <b>Verve Group's</b> ATOM</li></ol>
Efficiencies	<ol style="list-style-type: none"><li>1 Reduce operating expenses and continue to increase profitability by optimizing processes, tools and resources e.g. AWS</li><li>2 Invest in company synergies that grow current capabilities and foster innovation and value for customers</li></ol>

1) QPS: Queries Per Second



# Increasing User Reach and building Critical Mass

Reach of individual Users can be increased by up to 30% adding significant to the Supply Side Value



1) Source: Company estimates; calculation based on supply-side / publisher comparison of Smaato and MGI

# The Sales Pipeline is full and strong

Smaato is in advanced Discussions with a broadly diversified Group of Publishers

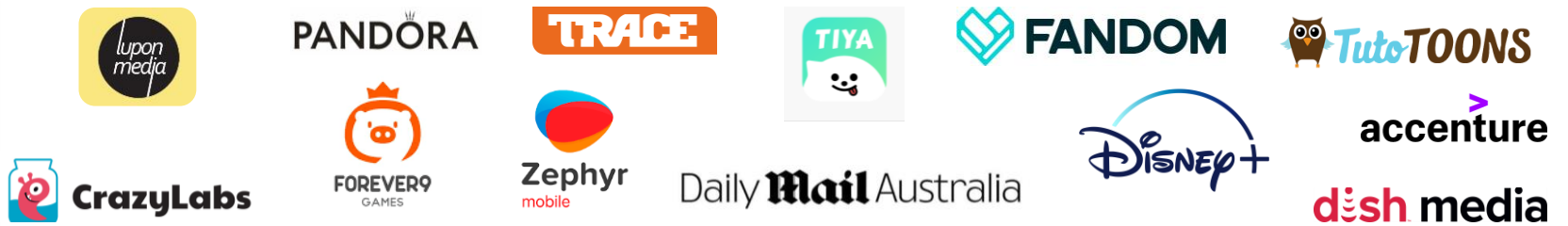
## Current Status

## Large Publishers

Negotiating



Qualifying

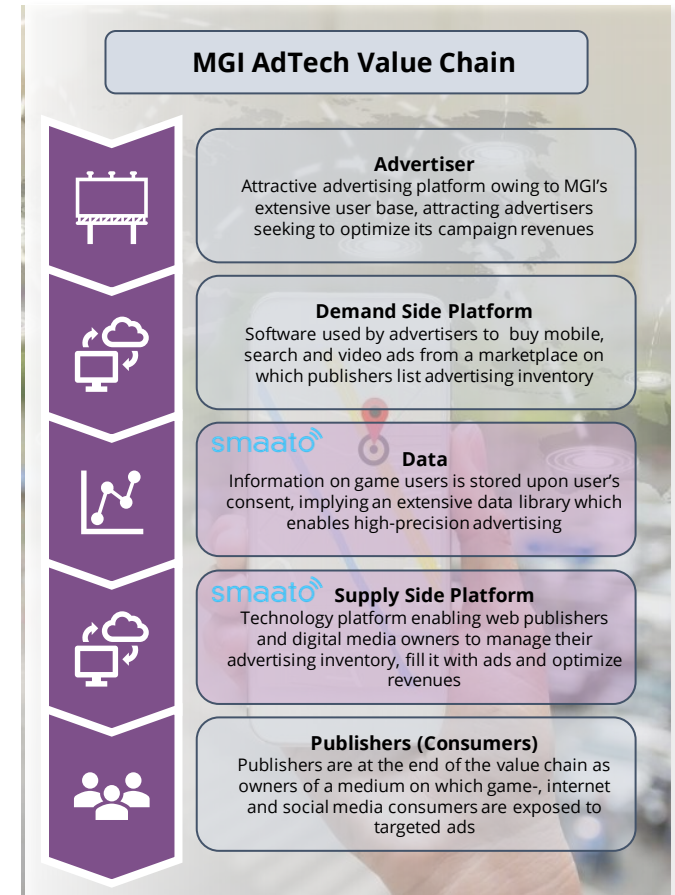
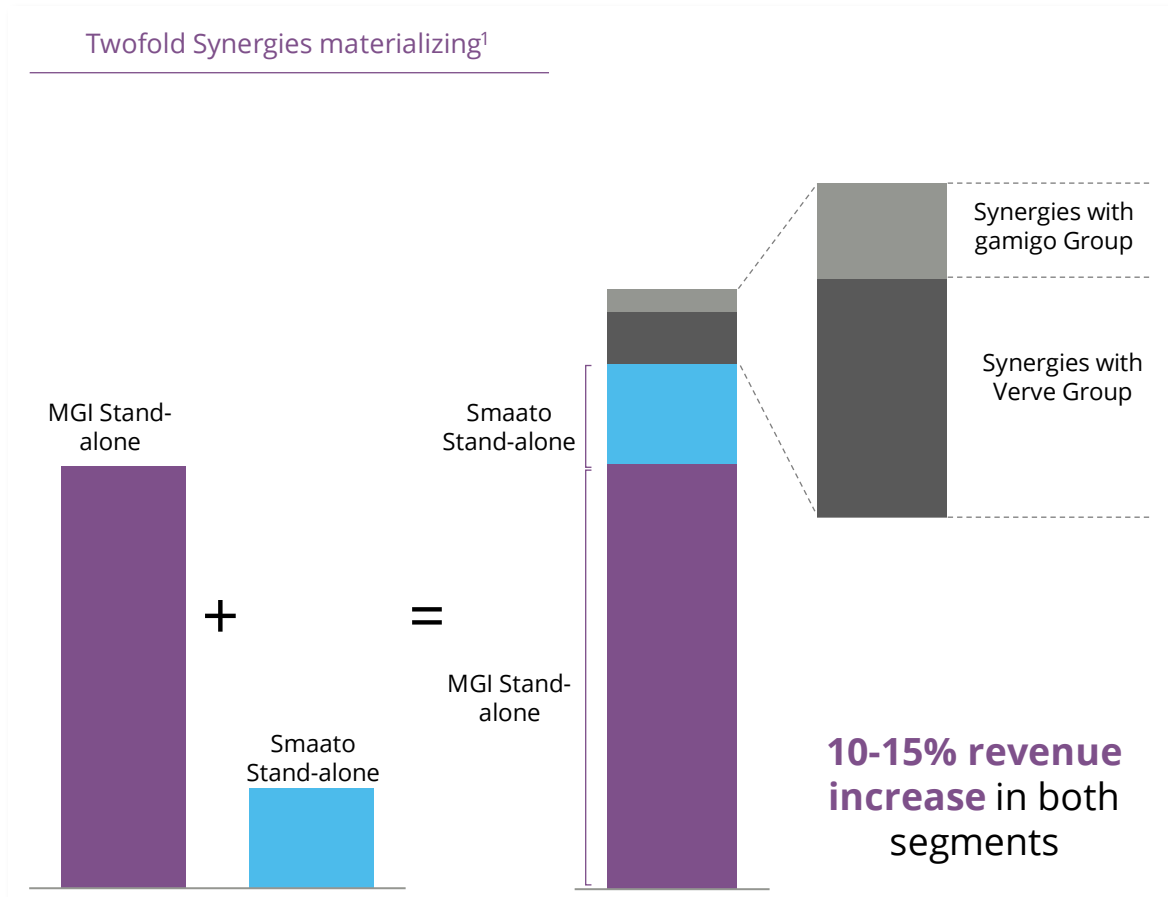


Prospective Clients



# Further boosting our Supply Side

Boosting Revenues on existing and acquired Business by connecting the Platforms



Source: Group/Company estimate  
Note: 1) Illustrative

- I. Introduction to Smaato
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#### **IV. Financial section**

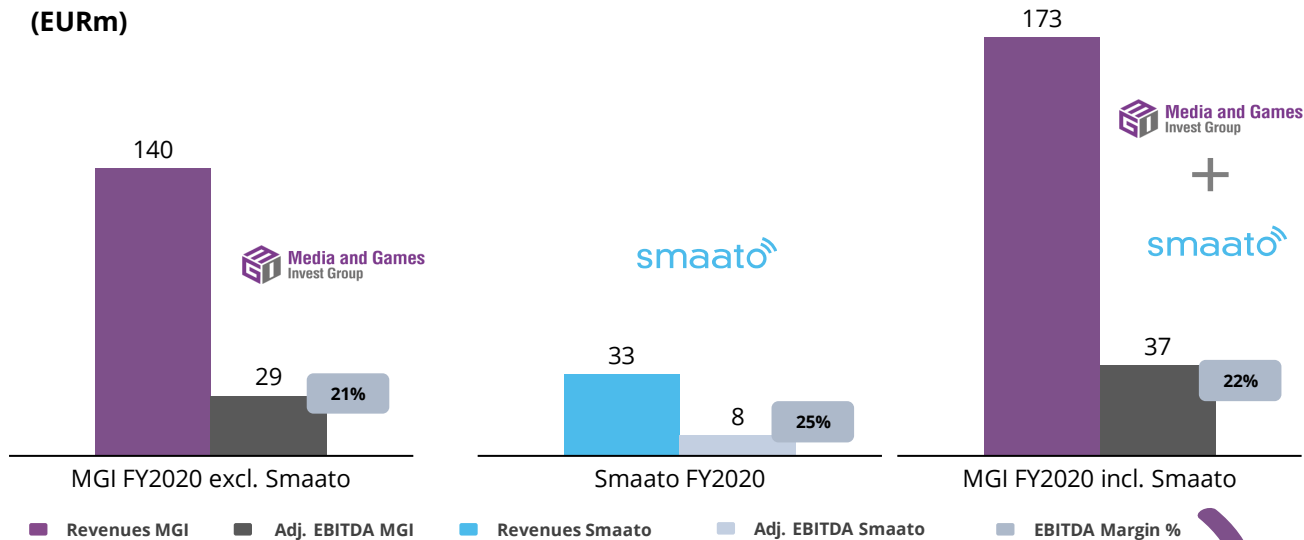


# MGI & Smaato - Combined Financials 2020

Smaato is a highly value accretive for MGI adding about 29% Group EBITDA

## The Smaato Transaction on MGI Group Financials<sup>1</sup>

(EURm)



Revenues  
+24%

EBITDA  
+29%

## Comments

- The transaction is **highly accretive for MGI** as it will materially increase the size and profitability of MGI's media segment, **adding about 29% Group EBITDA** on a pro forma basis for 2020
- The ad-tech platform has very loyal high-quality publishers on board and as such **sustainable long-term revenues.**
- The **25% EBITDA margin** of Smaato improves the overall Group's margin lifting it to a 22% EBITDA margin but adds specifically to EBITDA margin of the Media Segment

Note 1) Based on audited IFRS statements of Smaato and MGI; please note pro forma statements have not been audited. The numbers added up shall not constitute, and shall not be deemed to be, a guarantee of future developments of the business or combined financials. Hence, the actual future financial figures of the combined businesses may significantly deviate from the combined numbers shown in the table above (i.e. in particular regarding EBITDA and EBITDA margin)

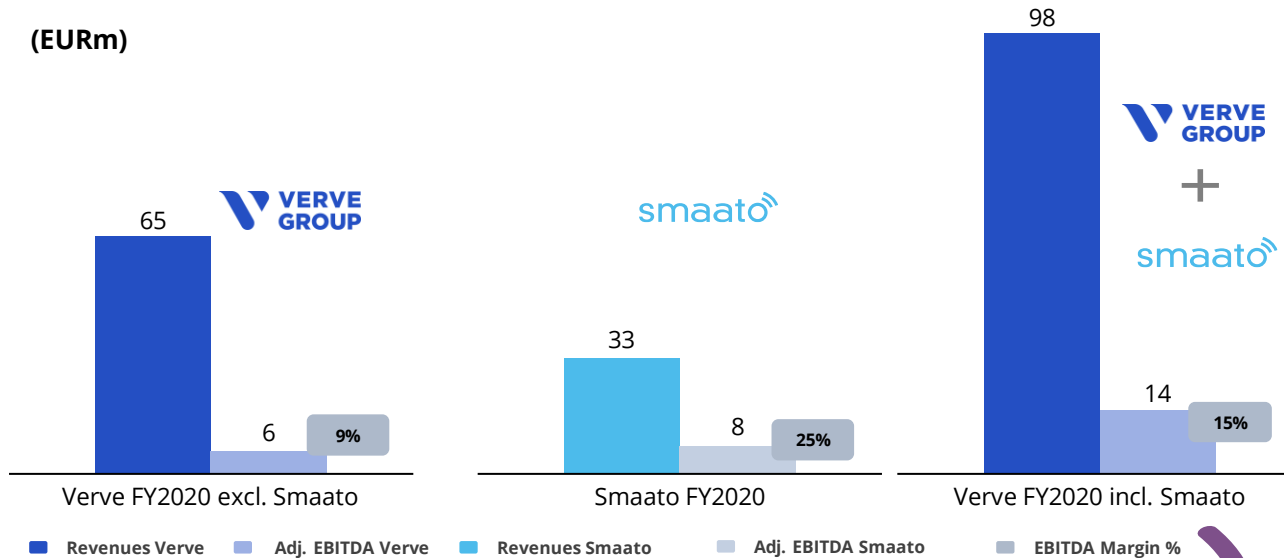


# Verve & Smaato - Combined Financials FY2020

Smaato is transforming for Verve adding about 140% EBITDA

## The Smaato Transaction on Verve Financials

(EURm)



Revenues  
+51%

EBITDA  
+140%

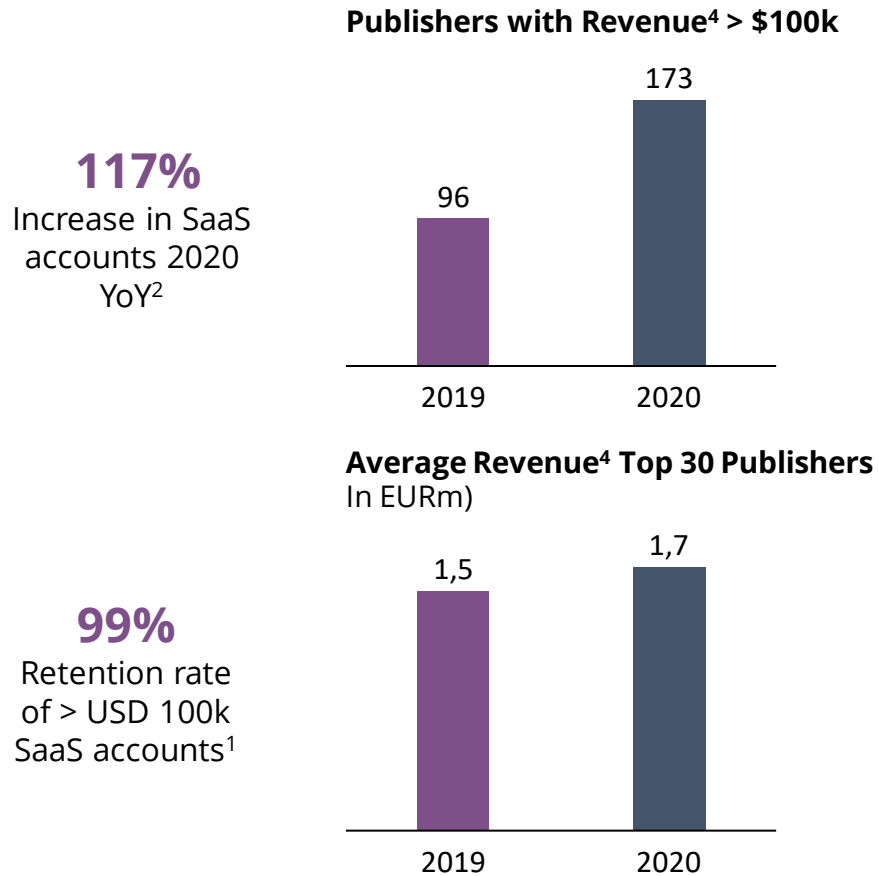
## Comments

- The transaction is **highly accretive** for MGI as a whole but specifically for MGI's media segment Verve
- The transaction **adds about 140% EBITDA** to MGI's media segment Verve
- The ad-tech platform has very loyal high-quality publishers on board and as such **sustainable long-term revenues**.
- The **25% EBITDA margin** of Smaato improves Verve's EBITDA margin considerably to **15% EBITDA margin**

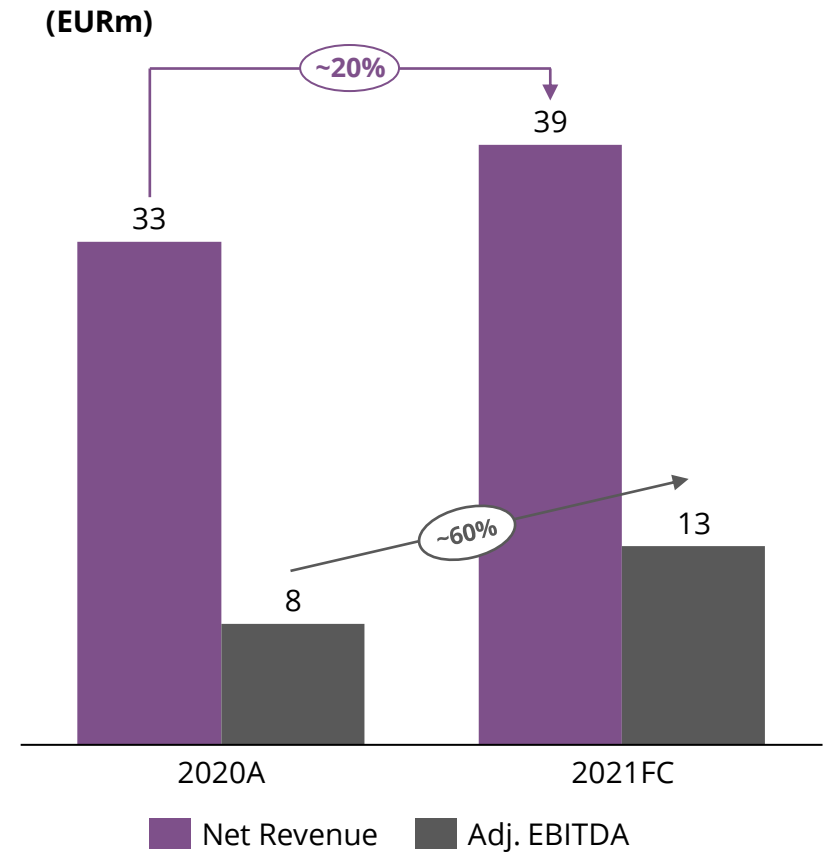
*Note 1) Based on audited IFRS statements of Smaato and MGI incl. Verve Group; please note pro forma statements have not been audited. The numbers added up shall not constitute, and shall not be deemed to be, a guarantee of future developments of the business or combined financials. Hence, the actual future financial figures of the combined businesses may significantly deviate from the combined numbers shown in the table above (i.e. in particular regarding EBITDA and EBITDA margin)*

# Smaato Publisher KPI's and Forecast 2021

## Publisher KPIs



## Net Revenues & Adj. EBITDA<sup>3</sup>: 2020-21FC



Note (1) Q1 2021 vs FY 2020 (2) 2020 vs 2019 (3) EBITDA adjusted for one-time legal and advisory cost (4) Gross revenue

# Smaato Mid-Term Plan

Synergies and strong organic Growth driving the Value of the Transaction

## Transaction Structure

### Enterprise Value:

USD 170m (EUR 140.0m)

### Release from Escrow:

(after FY 2021 certified accounts 3/22)

USD 15.4m (EUR 12.7m)

2021FC

2022E

EUR 13.1m  
Adj. EBITDA

### EBITDA-growth fueled by:

Strong organic growth

Highly synergetic character of acquisition with both, the Media and Games segment

EUR 20.5m  
Adj. EBITDA

10.7x  
EV / EBITDA multiple

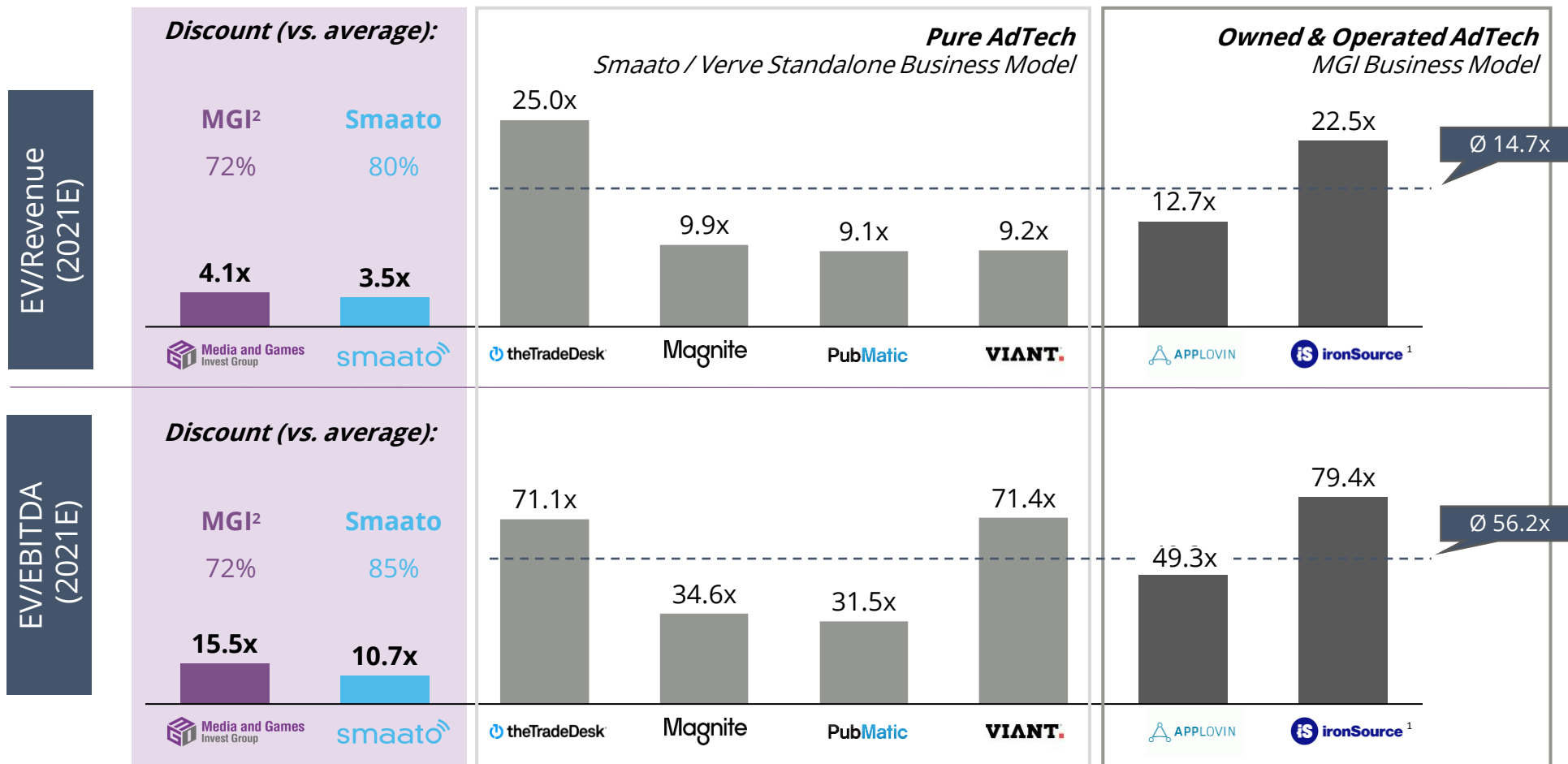
### Leading to:

Highly positive ROI with 6.8x  
EV / EBITDA based on 2022E numbers

6.8x  
EV / EBITDA multiple

# Comparable Companies Benchmarking

The Smaato Price Tag is highly attractive especially when compared to publicly trading Peers



Source: JMP Securities / Capital-IQ with data as of 18.06.2021 1) Market Value and Enterprise Value are pro forma values calculated as of the transaction announcement date; ironSource's revenues cited here are non-GAAP metrics adjusted for customer incentives amortization 2) Based on GBC Research

# Outlook MGI Group 2021

Double-down on EBITDA

## Updated Financial Guidance 2021 incl. Smaato

	FY 2020	Mid-Term Financial Targets 2021 <sup>1</sup>	Initial Guidance 2021	Updated Guidance incl. Smaato 2021 <sup>2</sup>
<b>Revenue</b> (in €m)	<b>140</b>	<b>175 - 182</b>	<b>220 - 240</b>	<b>234 - 254</b>
<i>Growth</i>	<i>67%</i>	<i>25-30%</i>	<i>57-71%</i>	<i>67-81%</i>
<b>Adj. EBITDA</b> (in €m)	<b>29</b>	<b>48 - 50</b>	<b>60 - 65</b>	<b>65 - 70</b>
<i>Growth</i>	<i>61%</i>	<i>66-72%</i>	<i>106-123%</i>	<i>123-141%</i>

1) Based on mid-term financial targets 2) Smaato first time consolidation expected for 1 October 2021



