

MGI - Media and Games Invest SE Year-End-Report Q4 2022



LEADING AD-SOFTWARE-PLATFORM WITH STRONG FIRST-PARTY GAMES CONTENT



Remco Westermann

CEO & Member of the Board since 2012

Holdings in MGI: 41,872,370 shares (26.2%)



Paul Echt

CFO since 2018

Holdings in MGI: 45,320 shares and 2,250,000 phantom stock

Notes: (1) Including contractors / freelancers, (2) Calculated on a year-over-year basis from companies being within the Group for twelve months or more. Excludes 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 businesses, (3) As of Q4'2022, with >\$100k revenue / year (4) Based on Q4'2022 YoY, Programmatic Exchange Business, including Smaato, of Software Clients >\$100k (5) total Software Clients

KEY FACTS

€324M

Revenue FY22

€93M

Adj. EBITDA FY22

29%

Revenue Growth FY22

18%

Organic Revenue Growth FY22



+800 Employees¹



**80% Ad-software revenues
20% Consumer games revenues**



+550 Software Clients³



+97% Customer Retention Rate⁴



96% Net \$ Expansion Rate⁵



Major Events During Q4 2022

Broad range of initiatives facilitating strong revenue growth in the fourth quarter of 2022

**16% REVENUE GROWTH IN Q4
LARGELY ORGANICALLY**

**SALE OF EG7 STAKE AS PART
OF STRATEGIC REFOCUS**

**RELOCATION TO SWEDEN
COMPLETED**

**MATCH2ONE STORE
AD-INTEGRATION WITH
SHOPIFY APP**

**+100 NEW CASUAL GAMES
LAUNCHED IN Q4 2022**

**75M SECURITIZATION
PROGRAM ESTABLISHED**

**INTEGRATION WITH GOOGLE
OPEN BIDDING**

**GAMES PORTFOLIO CLEAN-UP:
ALIGNMENT WITH AD-
PLATFORM**

**MGI EXTRAORDINARY
GENERAL MEETING APPROVING
DELOITTE AS AUDITOR FOR FY
2023**

**FURTHER MACROECONOMIC
HEADWINDS**

**STRONG RETENTION:
96% NET \$ EXPANSION RATE**

**APPOINTMENT OF
NOMINATION COMMITTEE**



Taking Responsibility And Laying The Foundation For Further Growth

Our consistent efforts on all ESG aspects are being recognized resulting in a strong rating improvement

E



Carbon neutrality

MGI achieved carbon neutrality for 2020 in cooperation with planetly



Support of water projects

We initiated the cooperation with Water.org, events will continue during 2023

S



Gender balance

Composition of the Board of Directors after AGM in accordance with 4.1 of the Swedish Governance Code. Also thriving for more gender equality in the complete team



Intensive employee training

Train employees in a variety of areas, such as governance, compliance, management skills and expertise

G



Relocation of seat to Sweden

MGI relocated as of 2nd January to Sweden and mandated Deloitte Sweden as new auditor, the Role of the CEO & Chairman was split, and various Committees established



Internal control and compliance management system

After the improvement of our internal control and compliance management system over the last two years together with KPMG we will continue to optimize our established processes

MSCI ESG RATING

AAA

AA

A

BBB

BB

B

CCC





OUR MARKET – PROGRAMMATIC ADVERTISING

The Importance of Programmatic Advertising



The Importance of Advertising

The engine for consumer spending



Promote products, services and ideas to potential customers and target groups



Enable free content



Building brand awareness



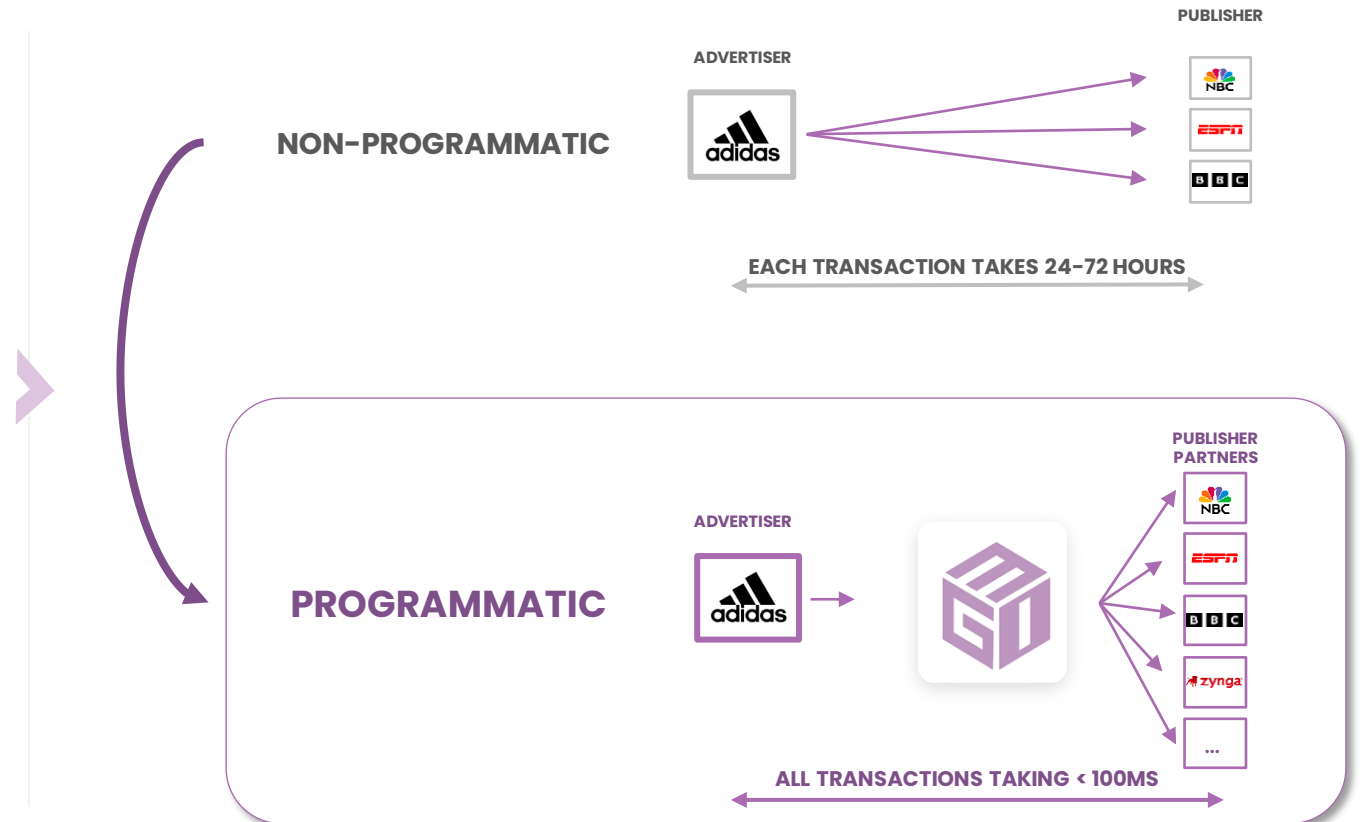
Generating demand



Driving business growth

Programmatic Advertising

The turbo engine for consumer spending

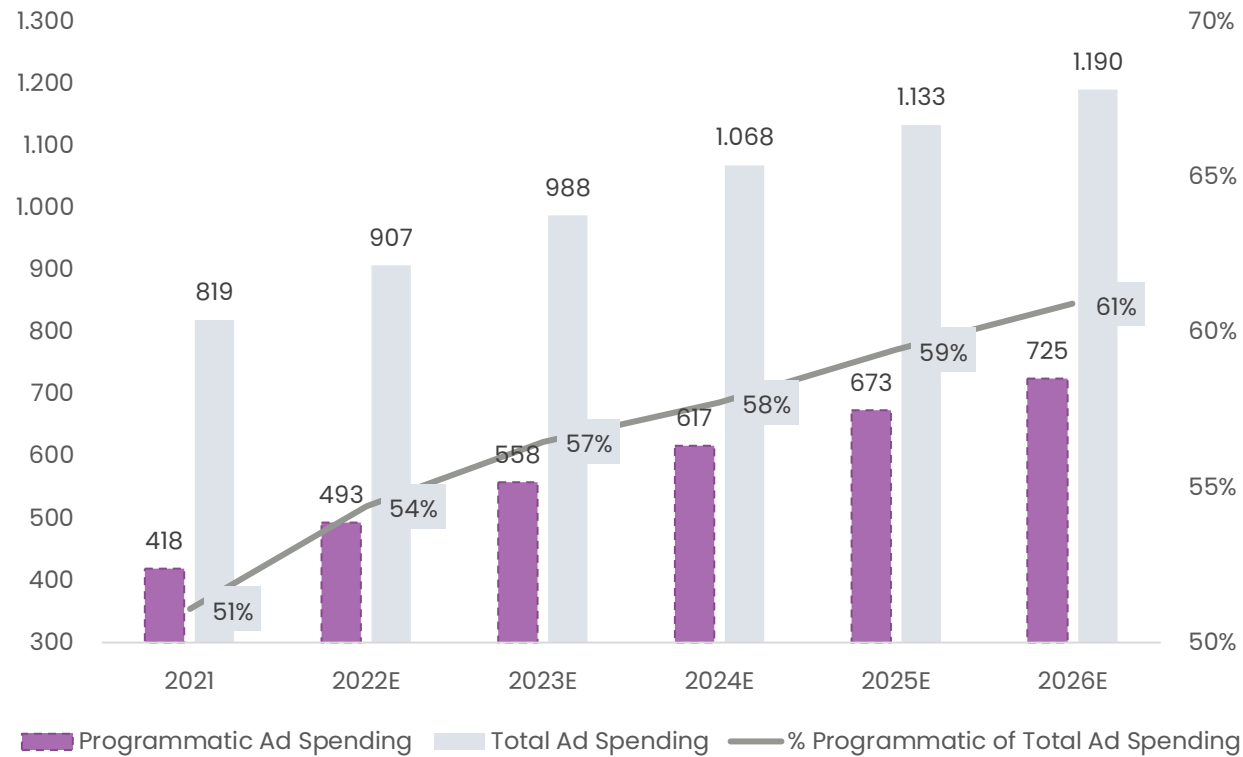




Our Fast-Growing Market: Programmatic Advertising

The advertising industry is massive and programmatic is the growth driver

(USDm)

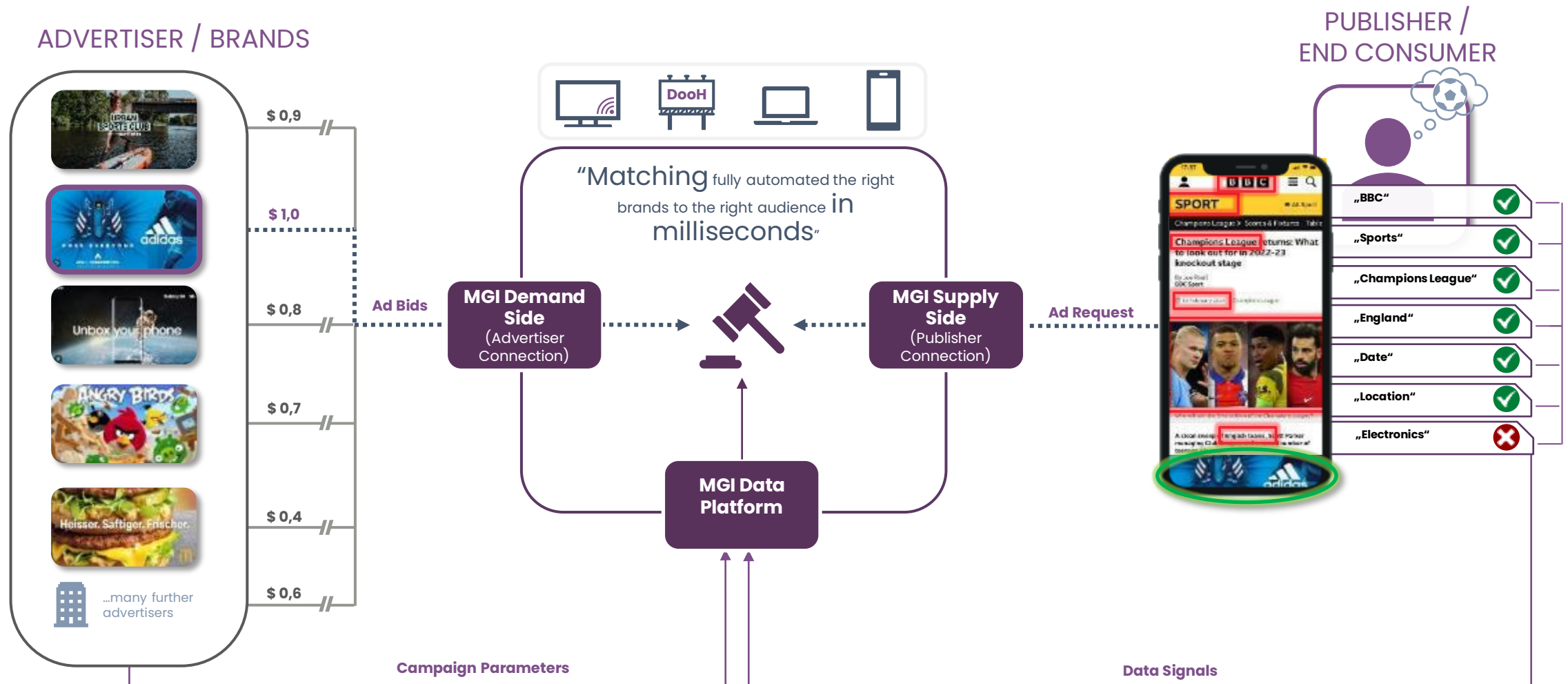


Advertisers are shifting their budgets to programmatic due to higher efficiency and better returns

How Does Programmatic Advertising Work?



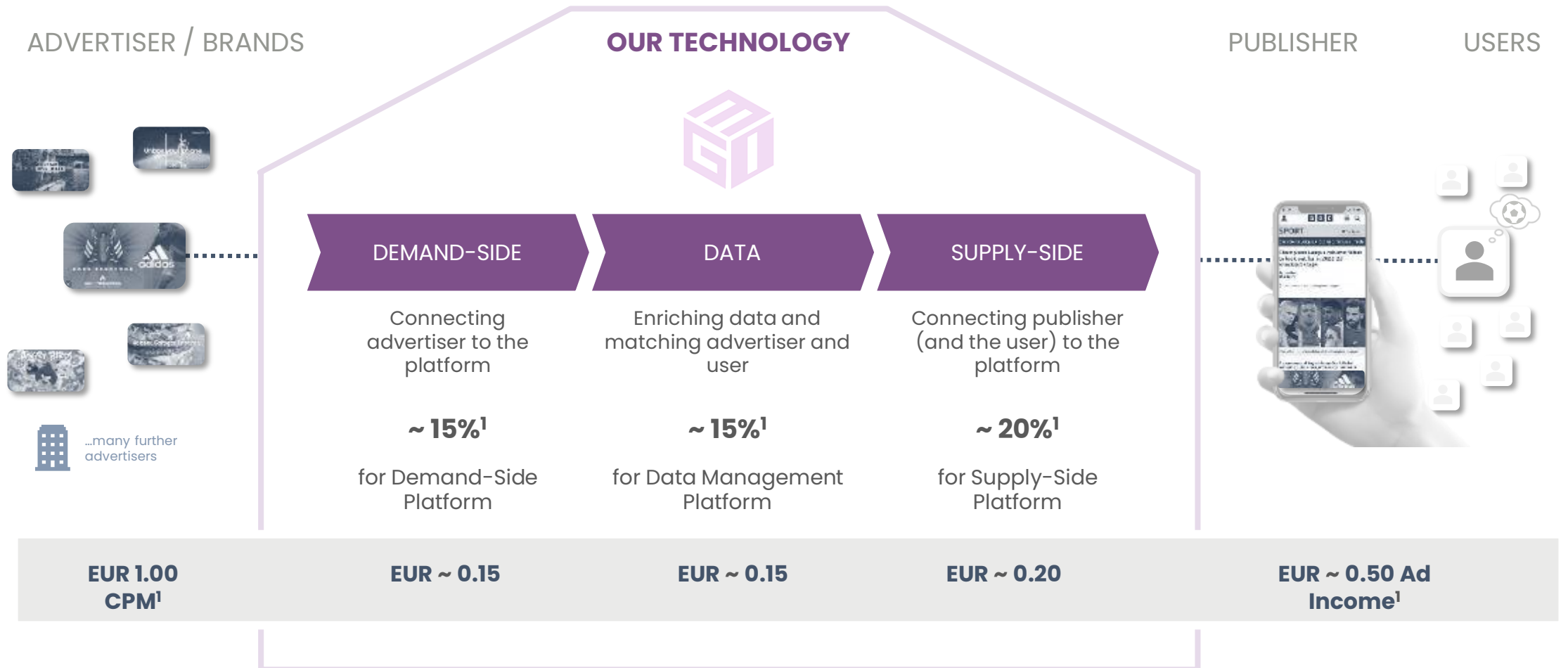
We automate the buying and selling of ads on all digital devices





How Monetization Works in Programmatic Advertising

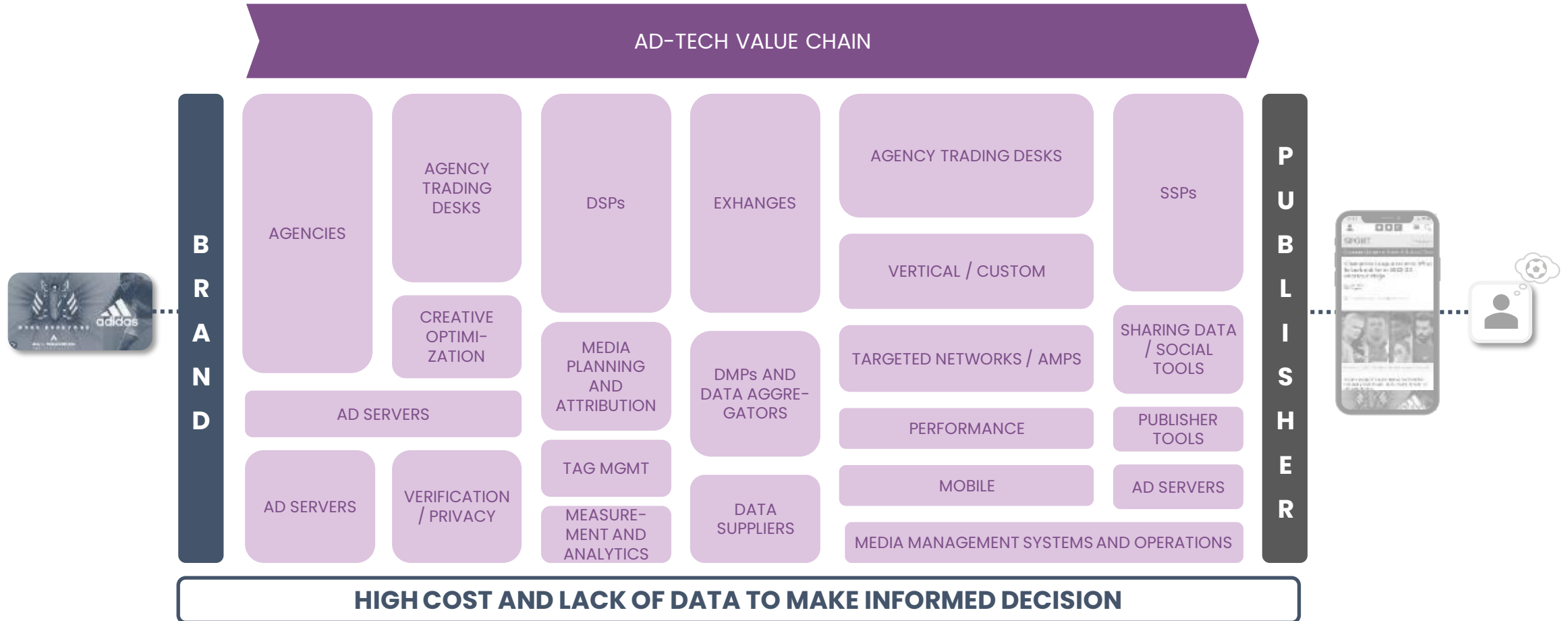
We earn money in all three steps of the programmatic value chain





The Lack of Transparency

Behind the scenes, the market is highly fragmented with many players in the value chain





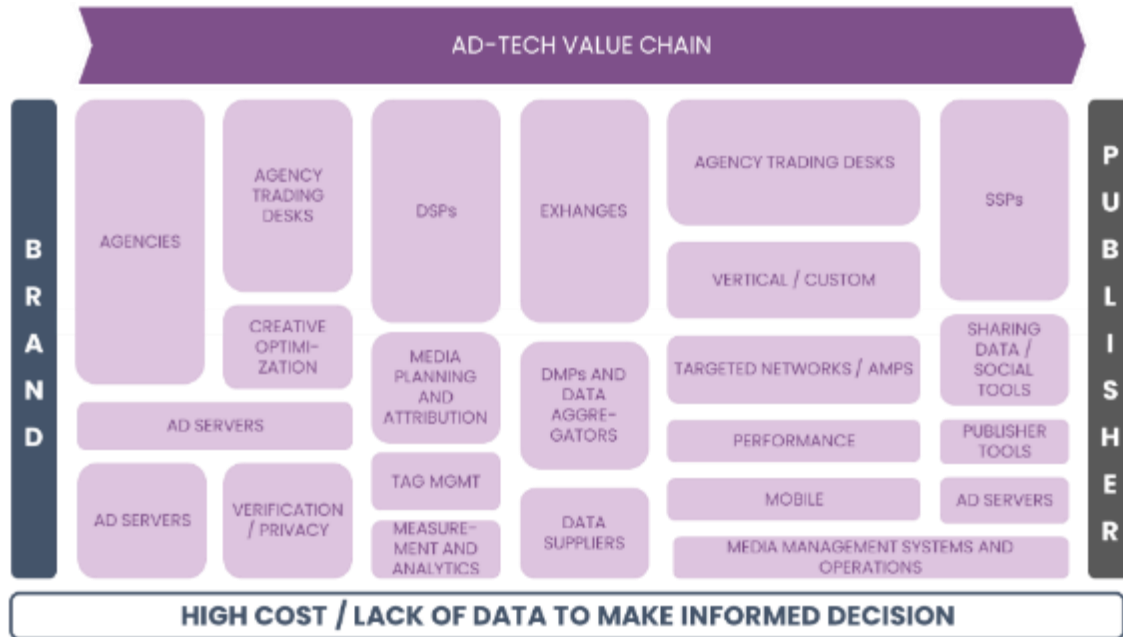
**OUR MISSION –
MAKE ADVERTISING BETTER**



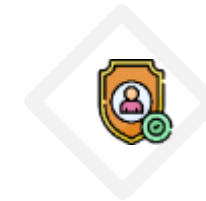


MGI's Mission

We want to make the advertising world a better space



MAKE ADVERTISING BETTER

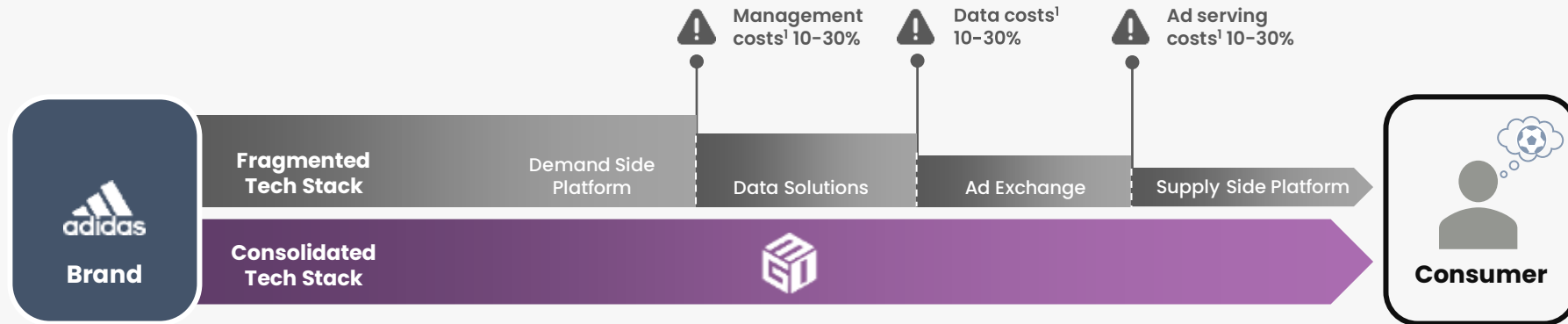


MGI operates a fast growing, **integrated** ad-software platform that matches **global** advertiser demand with publisher ad-supply while improving results via **data**.



Our Mission in Practice: Integrated Solution

There are too many layers between brands and the consumer



MGI's one-stop-shop to make advertising better

- Vertically integrated: directly linking advertisers via publishers to consumers
- Multichannel: serving in-app, web, mobile web, connected TV and digital out of home
- Optimizing effectiveness with data: first-party (own game studios), third-party and contextual
- With a wide range of capabilities; brand marketing, performance marketing, ...
- Privacy first, brand safe, performance oriented
- Innovative: Atom, Moments.AI, SDKs, Visual Intent, ...



Our Mission in Practice: Solving the 80% Problem

Deprecation of identifiers: 80% of audiences is unidentified

2022 and
Before

2023 and
Beyond

Opt-Out



Targeting based on PII
without active consent



e.g. EMAIL, IDFA, GAID
COOKIES

~0% of users
actively Opt-Out



Opt-In

Targeting based on PII
only with active consent



e.g. EMAIL, IDFA, GAID
COOKIES

Only ~20% of users
actively Opt-In



80%+ of
audience will be
unidentified

“we need new privacy compliant ways
to identify the audience and enable
efficient targeting.”



Our Mission in Practice: Data For Targeting the 80%

Unique Data Solutions to Solve the 80% Problem

First-Party Opt-In Data

Data from +1bn own registered gamers



Data available for targeting

- **E-mail address**
- **Device IDs**
- **Full name**
- **Address**
- Credit card numbers
- Date of birth
- Telephone number
- Login data
-



Contextual

Data via crawling websites and apps



Data available for targeting

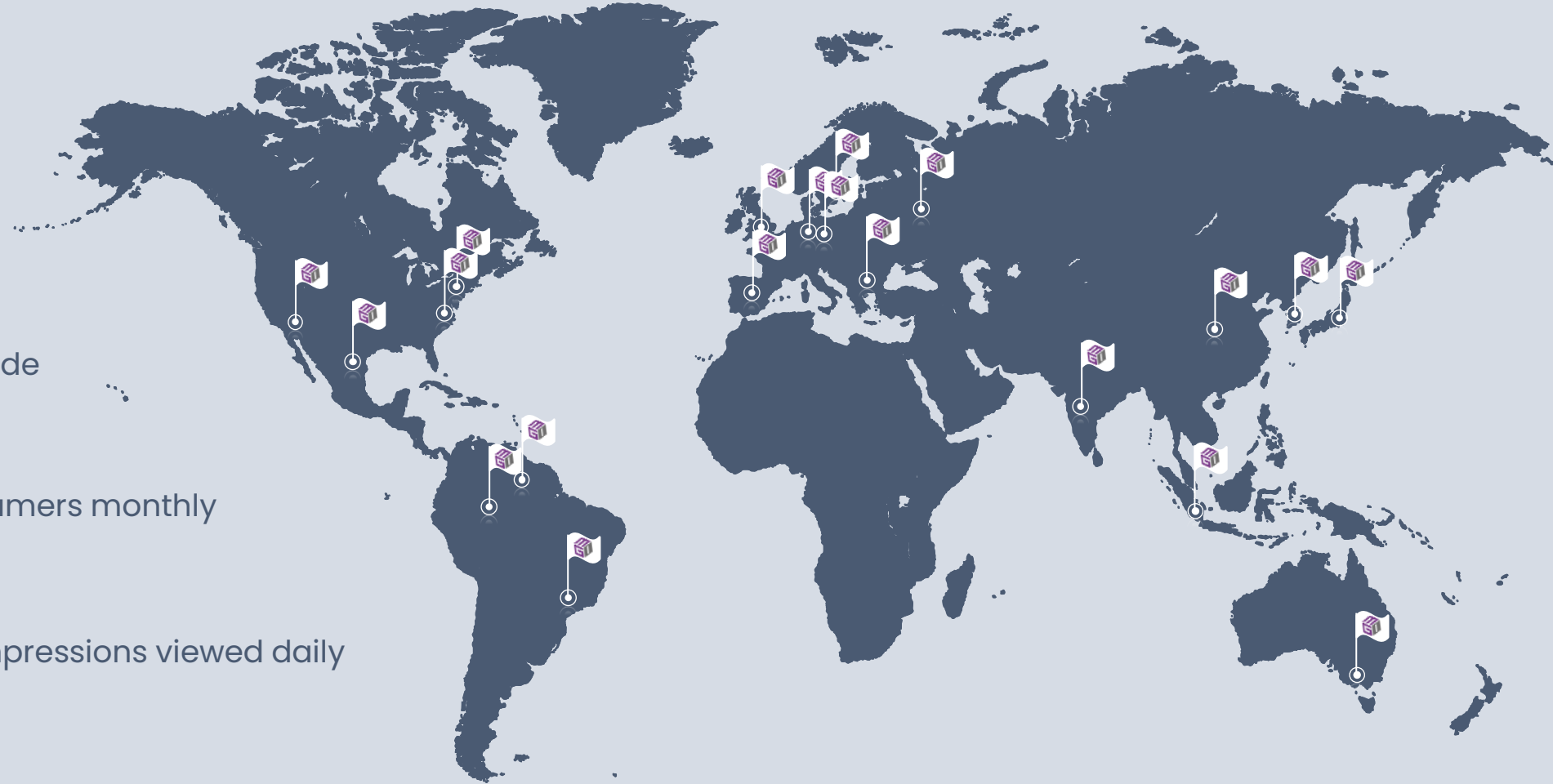
- **Location**
- **App Context**
- **Screen Time**
- **Keyboard Language**
- Device Model
- Content category
- Content age rating
- ...



Our Mission in Practice: Scale Globally to Make Advertising Better



Advertising is a global business; more countries and more reach drive efficiency



+20 offices worldwide



2 billion end-consumers monthly



1.7+ billion of ad impressions viewed daily

MGI is Working with Leading Advertisers and Publishers



Based on our integrated platform large as well as small customers are being served

Advertisers



TIER ONE ADVERTISING CLIENTS

Publishers



LEADING DIGITAL PUBLISHING CLIENTS

... top advertisers and top publishers driving Innovation making advertising better

MGI is Particularly Strong in Mobile



Software integrations with chart-topping own- and third-party games



Blockudoku®: block puzzle game
Easybrain
10M downloads



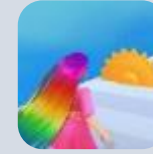
Colorscapes - Color by Number
Fuero Games
10M downloads



Teacher simulator
Kwalee Ltd
10M downloads



Words of Wonders: Crossword
Fugo games
100M downloads



Hair Challenge
Rollic Games
100M downloads



Pixel Art: color by number
Easybrain
100M downloads



Jigsaw Puzzles
Easybrain
50M downloads



ColorPlanet Paint by Number
Game Vessel
10M downloads

MGI is a Leading Global Player



In less than four years we have via M&A and organic invests build a leading position



Becoming one of the leading larger players in the open internet in less than four years



One of the largest mobile in-app exchange worldwide (top five)



One of the largest SDK bases in the world giving direct access top Apps (top 15)



Emphasizing quality; privacy, brand safety, transparency

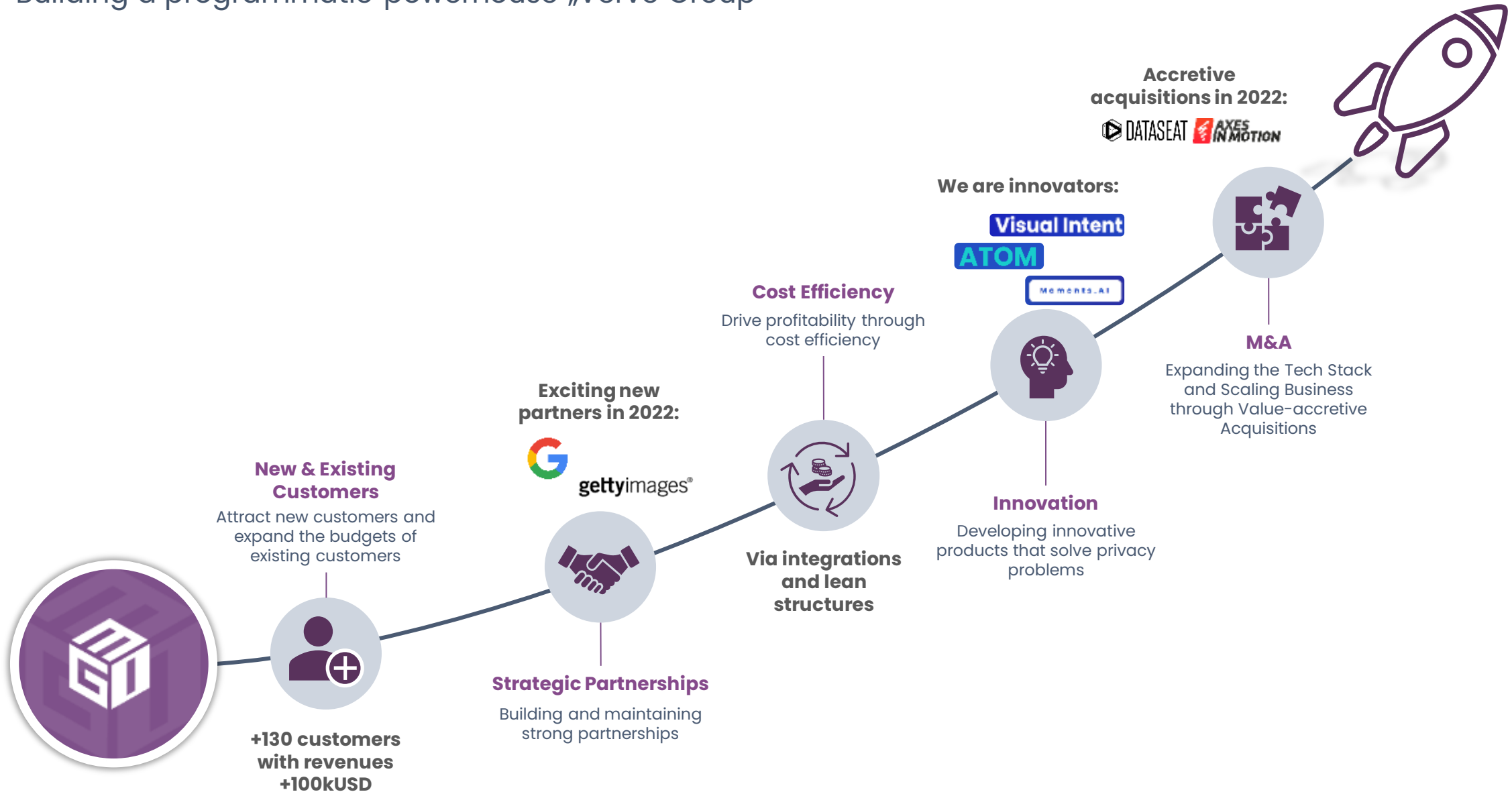


OUR GROWTH DRIVERS

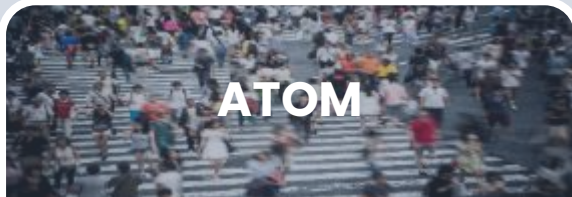


Multiple Growth Drivers

Building a programmatic powerhouse „Verve Group“



Driving Growth and Profitability via Innovation



ATOM

Innovative extension of our SDK, generating profiles on mobile device without privacy data leaving the device maximizing targeting outcomes based on our contextual engine without use of identifiers.



CTV RETARGETING

Unlocking previously untapped games console audiences for re-engagement on Connected TV (CTV). An example for opening up cross channel user acquisition in combination with player lifetime expansion



MOMENTS.AI™

Next Generation Contextual AI empowered advertising solution that automatically places ads, in a brand-safe and privacy compliant way, within relevant articles or next to relevant images and videos.



VISUAL INTENT

A strategic cooperation with Getty Images to engage consumers in moments that matter. Combining Getty Images' resources with Verve Group's Moments.AI™ technology



Driving Growth and Profitability via BUY. INTEGRATE. BUILD & IMPROVE

Focus on organic growth but keeping our eyes open for accretive targets at attractive price points



Integrate



Build and Improve

Selective M&A

Keeping Leverage between 2-3x

Priority:
Further Integration and synergy realisation



Cost efficiency
Unified management structure



Technical integration
Connected platforms and hybrid cloud



Cost savings
Cancellation and renegotiation of contracts



Improvements
Products, services and technology



Customer & user base
Initiatives to grow existing customers revenues and add new customers

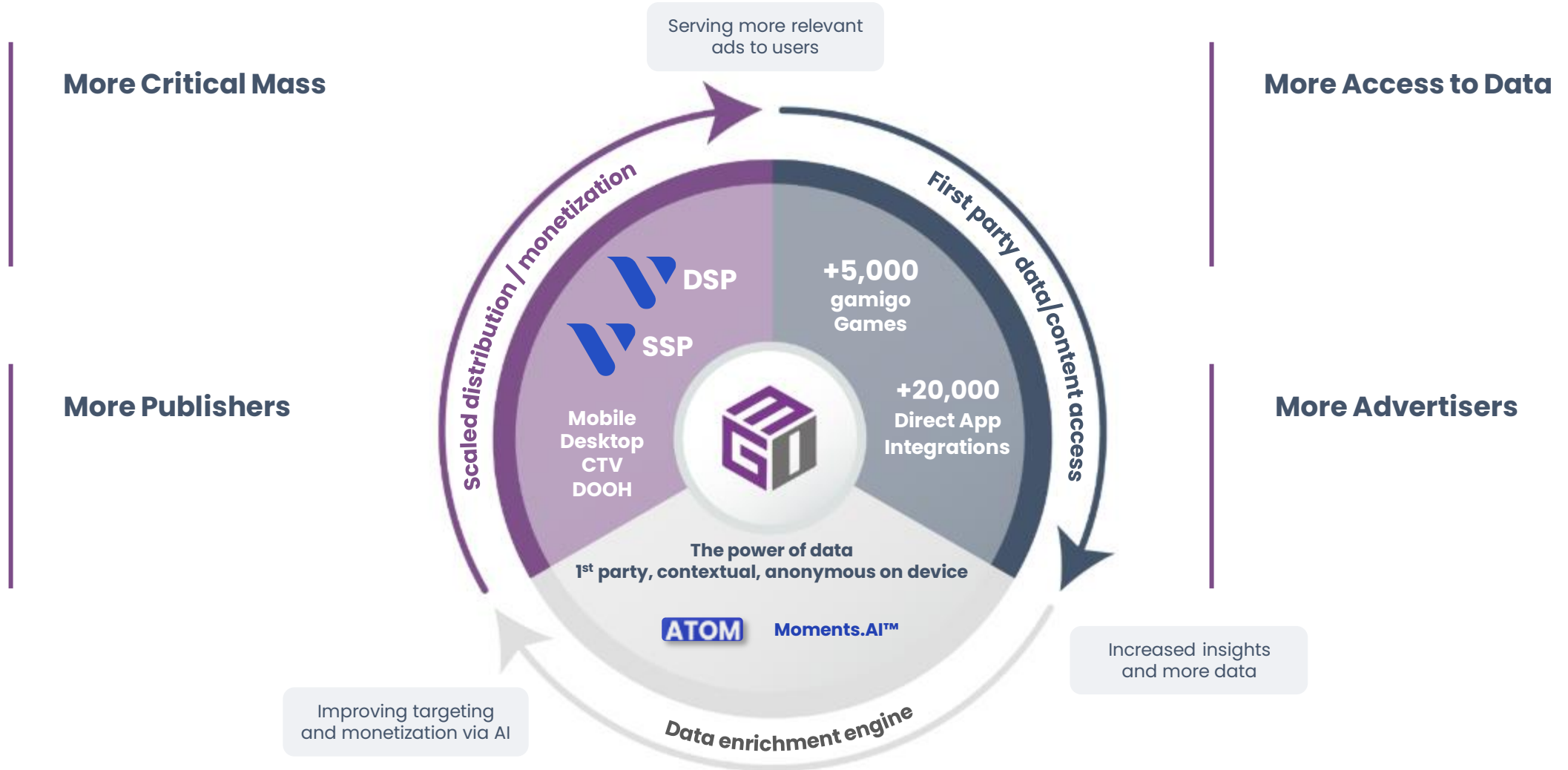


Internationalisation
Expanding existing products and solutions to new markets

Driving Growth and Profitability via Fly Wheel Effects



Scaling MGI's Ad-Software Platform via Customers, Technology and Data





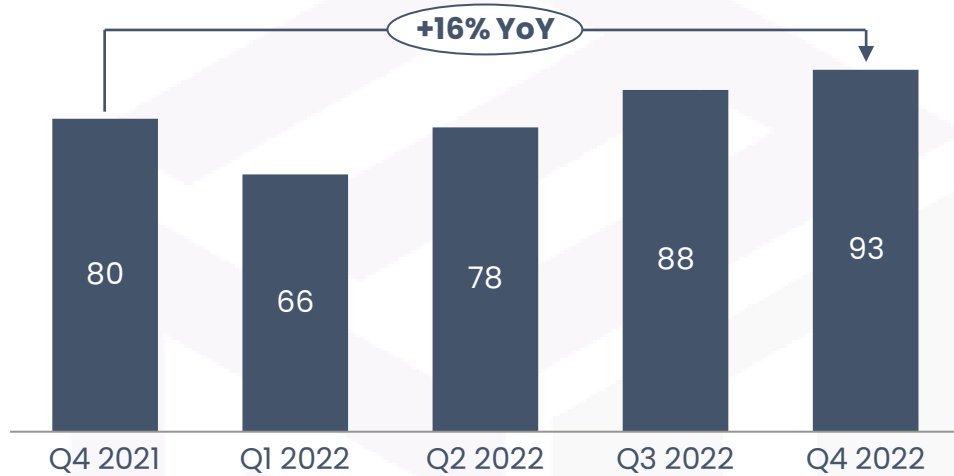
FINANCIALS



Key Financials



Q4 2022



€93M
Revenue

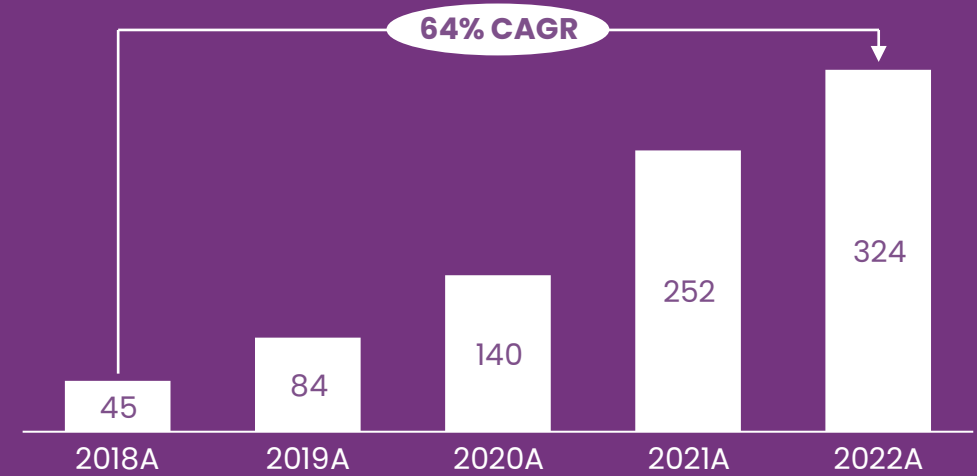
16%
Revenue Growth

€32M
Adj. EBITDA

13%
Organic Revenue Growth



FY 2022



€324M
Revenue

29%
Revenue Growth

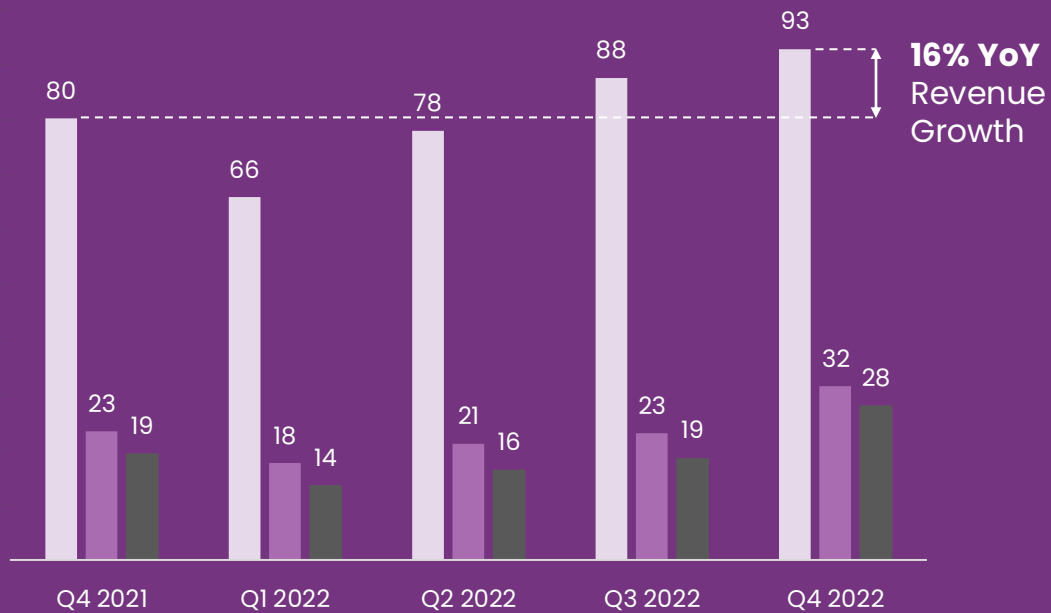
€93M
Adj. EBITDA

18%
Organic Revenue



Fourth Quarter Financial Highlights

Net Revenues
 Adj. EBITDA
 Adj. EBIT



Strong Profitability and Cash Generation Q4 2022

Margin Growth

35%

Adj. EBITDA Growth

45%

Adj. EBIT Growth

Margin %

34%

Adj. EBITDA margin

30%

Adj. EBIT margin

Cash Flow

€74m

Operating Cash Flow¹

229%

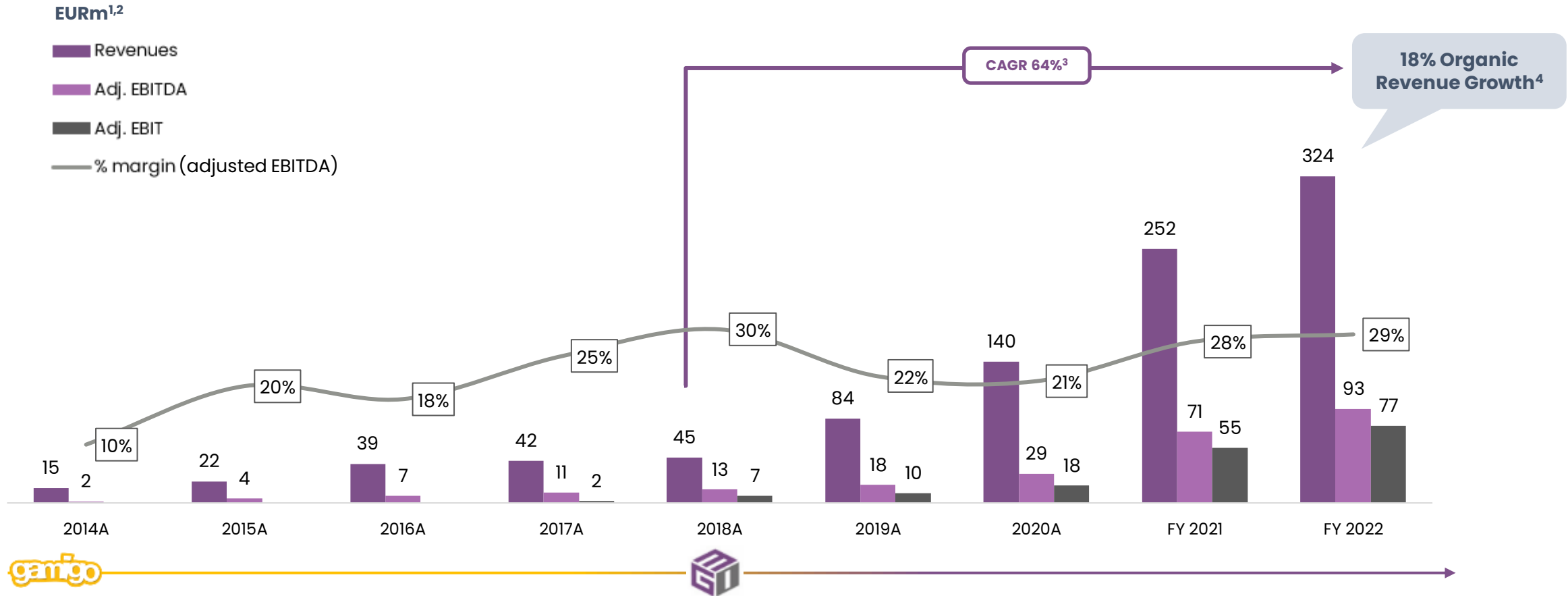
Cash Conversion²

Notes: (1) Operating Cash Flow after change in WC, (2) Cash Conversion = (Operating Cash Flow after change in WC - Maintenance CAPEX) / Adj. EBITDA



Consistent Long-Term Financial Development

Highly scalable and profitable business model with strong organic growth



Source: Group information

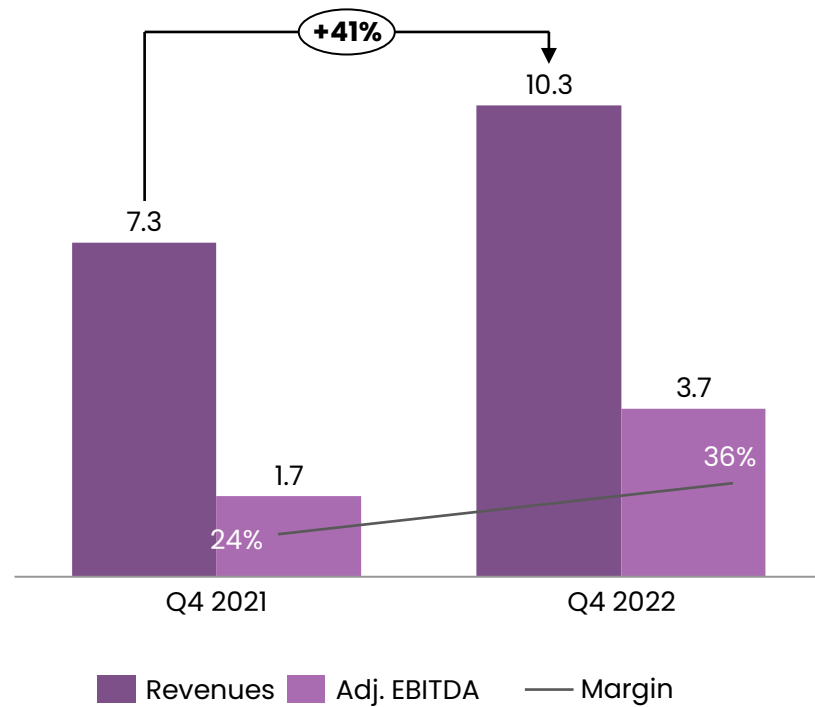
Notes: (1) gamigo standalone figures until 2018, EBITDA adjusted for one-time-, M&A and financing costs, (2) gamigo was acquired by MGI in May 2018, (3) growth rate CAGR 2018 – 2022 LTM, (4) calculated on a year-over-year basis from companies being within the Group for twelve months or more. Excludes 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 businesses

MGI – Segment Performance



Demand-Side Segment

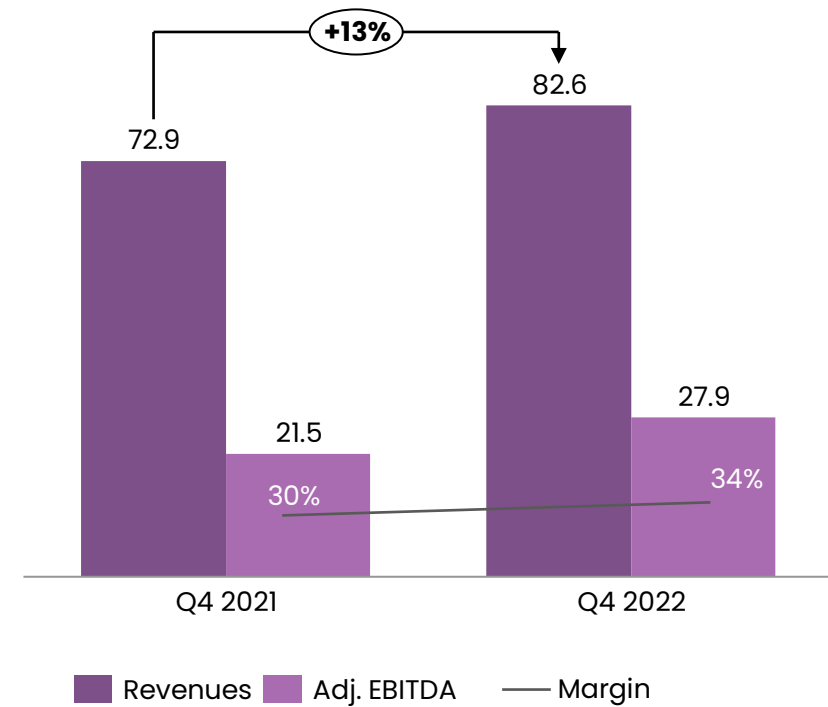
(EURm)



Demand-Side outgrowing Supply-Side by ca. 3x following investments in recent years

Supply-Side Segment

(EURm)



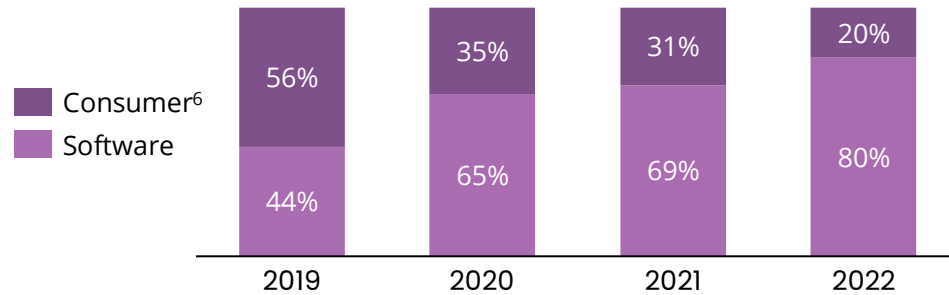
Solid organic growth despite headwinds and decreasing CPMs supported by increased wallet shares of software clients



Strong Customer Growth Drives Overall Growth

The KPIs driving our top-line growth

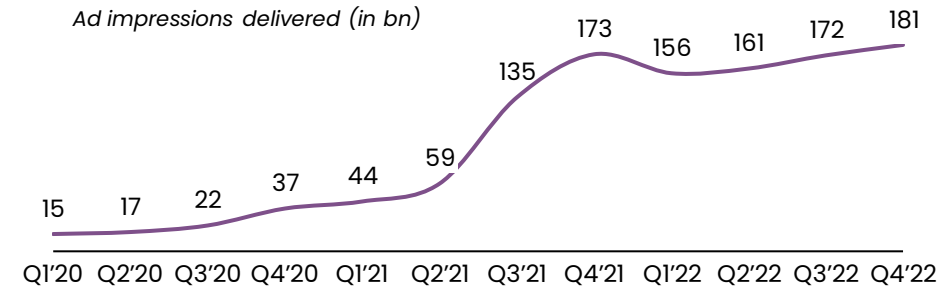
Share of Group Revenue⁵



Transformation to an Ad-Software Business

Ad Impressions

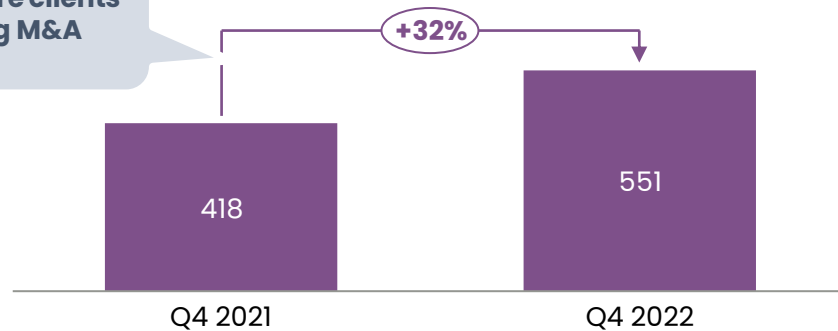
Despite headwinds sustainable growth



Growth Despite Market Headwinds

Software Clients¹

+130 software clients excluding M&A



Main Organic Revenue Growth Driver in 2022

Customer Revenue Expansion and Retention²

96%

Net \$ Expansion Rate³

97%

>100k Clients Retention Rate⁴



Strong Retention Rates with Stable Wallet Share

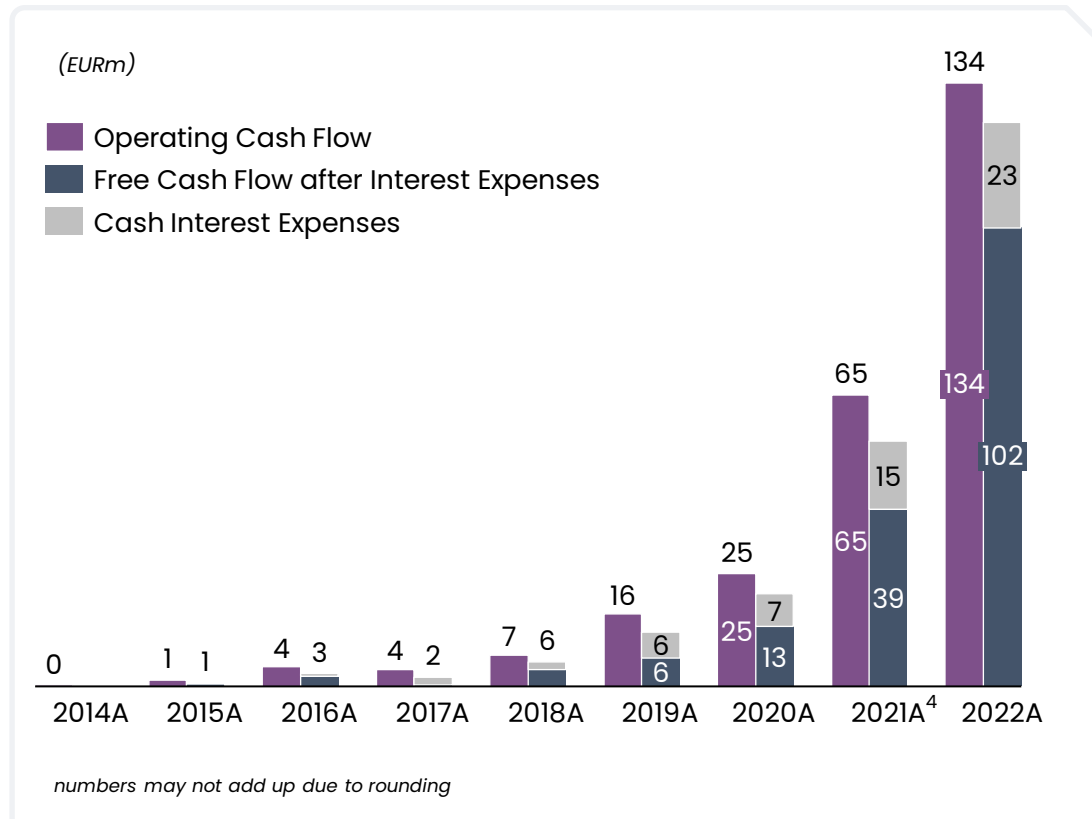
Notes: (1) Software Clients with >100k gross revenues, includes customers from M&A, stated amounts are ad spend volumes, ad-platform customers only, (2) ad-platform customers only, (3) Q4'22 Net \$ Expansion Rate based on Programmatic Exchange Business, including Smaato, (4) excluding M&A. Includes ad-platform customers > USD 100k, (5) Ad-Software platform revenues as part of Group revenues; Software includes advertising revenues in own games, (6) Subscriptions and In-Game Item Sales, but excluding in-game advertising revenues



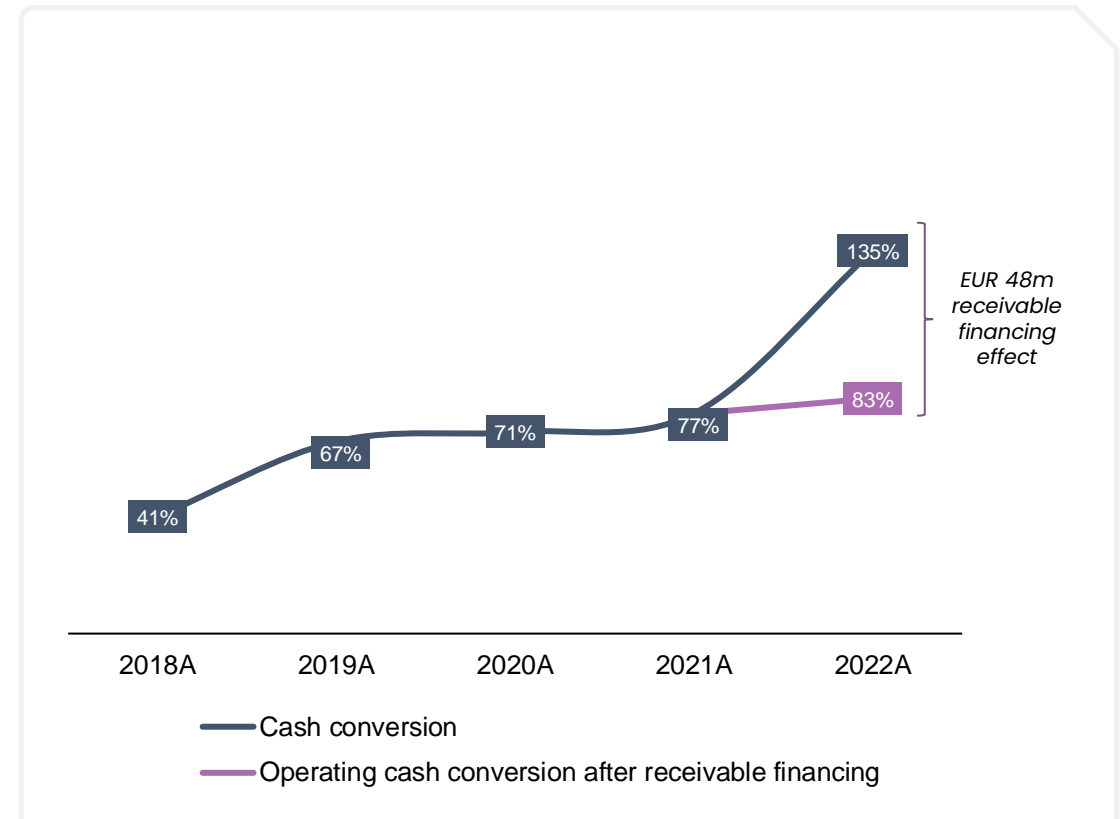
Operating Cash Flow and Cash Conversion

Increasing cash flow from operations, more investments in organic growth

Operating cash flow development^{1,2,3}



Cash conversion analysis⁵



High Free Cashflow and Cash Conversion driven by strong operations supported by Receivable Securitization Program

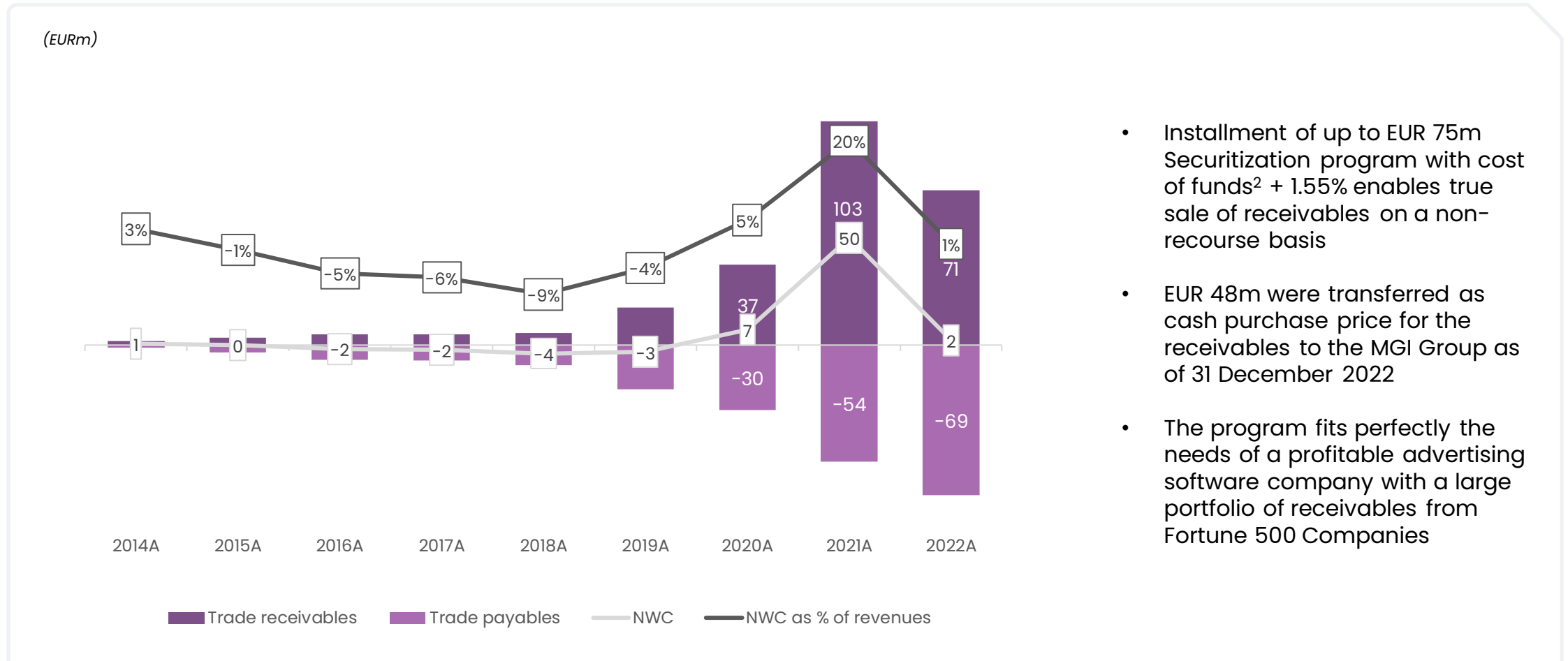
Source: Group information
 Notes: (1) Operating cash flow defined as in the annual IFRS financial statements. (2) Free cash flow defined as: operating cash flow - interest expenses - Maintenance capex (3) Until 2017 gamigo group standalone, (4) for 2021 and LTM Q4 2022, only includes Cash Interest Payments (5) Cash Conversion = (Operating Cash Flow after change in WC - Maintenance CAPEX) / Adj. EBITDA



Net Working Capital Development

Reduced net working capital leads to cash flow improvements

Net working capital development



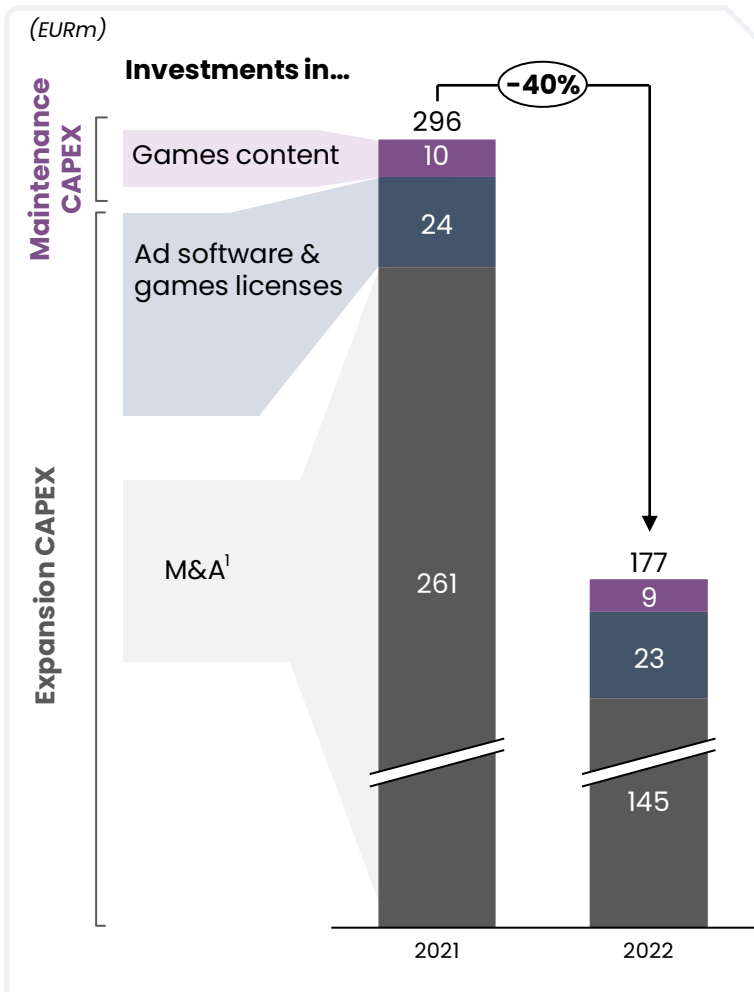
Source: Group information
Notes: (1) Trade and other receivables (2) similar to 3M Euribor



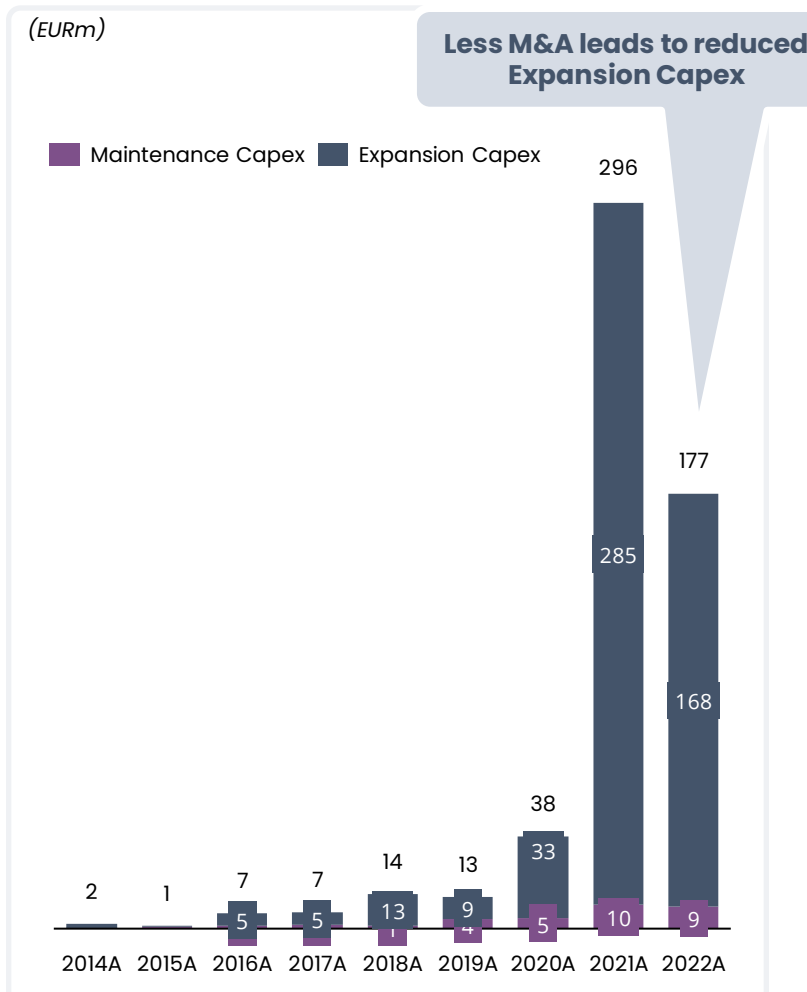
Investments Leading To Strong Organic Growth

More investments in organic growth and larger acquisitions

Total Capex / Investment Cash Flow



Capex development²



Commentary

Considerable reduction expansion capex (40%) in 2022 compared with 2021

- Development driven by reduced M&A activity in line with the Group's communicated strategic shift
- Maintenance capex mainly relates to games and software updates and has remain stable YoY
 - Streamlining of the games portfolio has reduced overall need for maintenance capex
- Internal development of ad software has also remained stable YoY with several launched innovations to drive further organic growth over the coming years
- Maintenance capex comprises own capitalised work for further development of the IP-owned games within the Group; modest maintenance capex needs as evidenced by the historical average 3.5% of revenue on back of an asset-light business model
- Expansion capex primarily includes investments in the advertising software platform, IP-rights, M&A (goodwill and PPA) and further investments in the Group's infrastructure

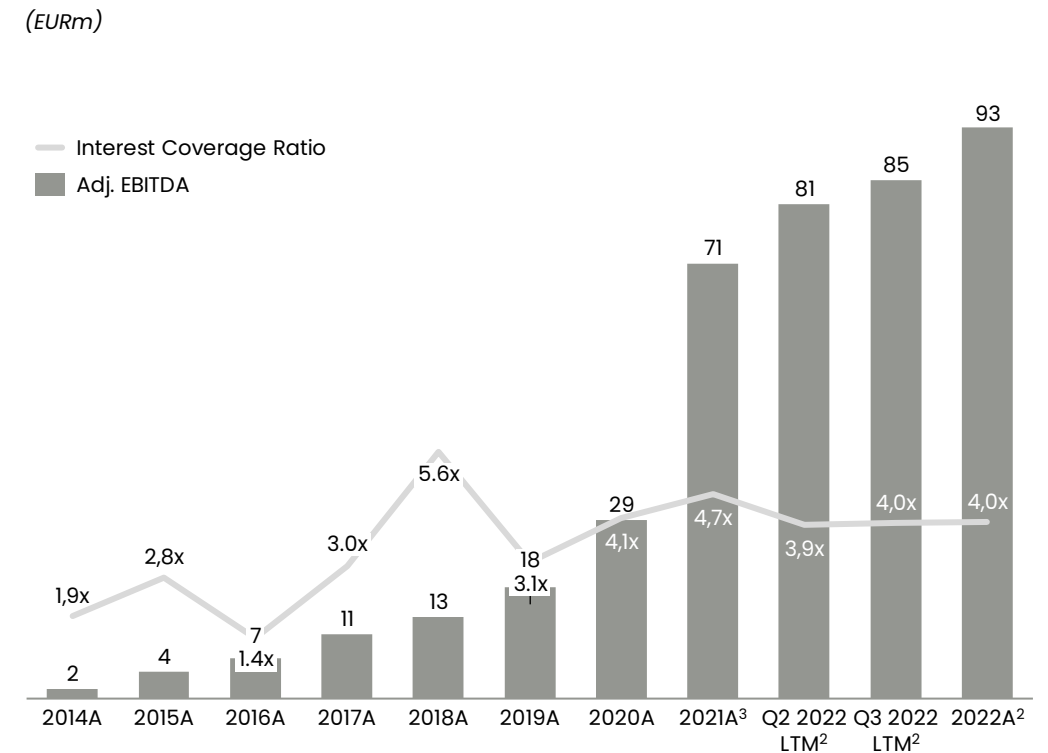
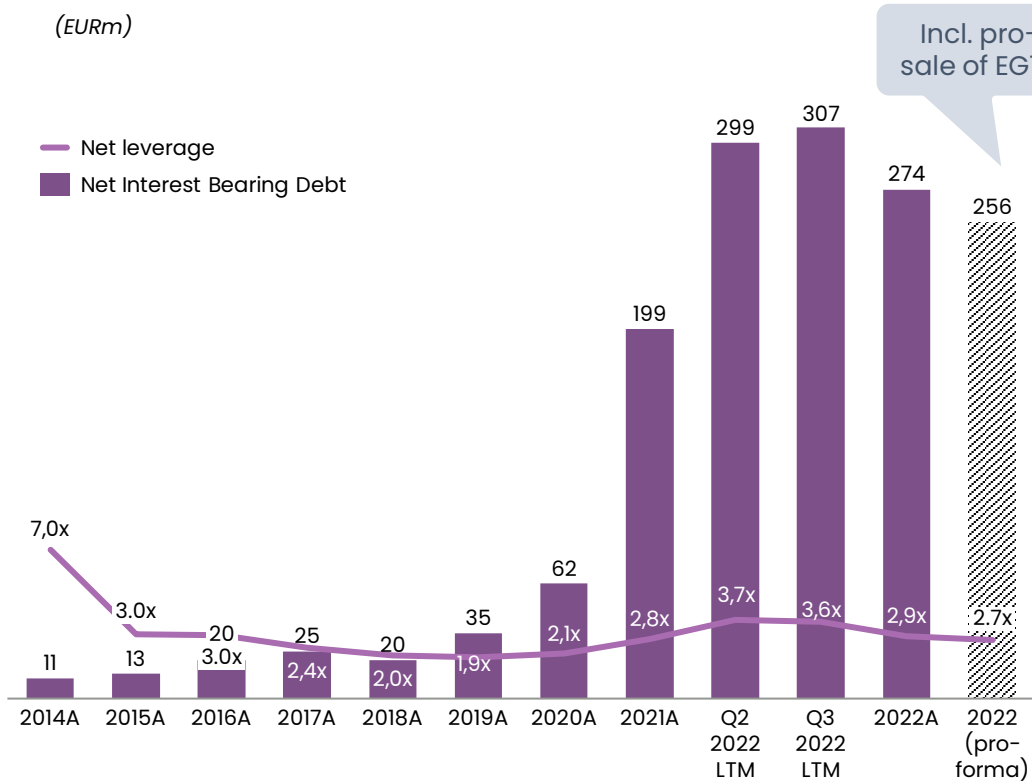


Net Leverage and Interest Coverage Ratio

Constantly deleveraging in the last quarters

Net debt to adj. EBITDA ratio development¹

Interest Coverage Ratio development¹



Reduced Net Leverage within the target range of 2.0 – 3.0x

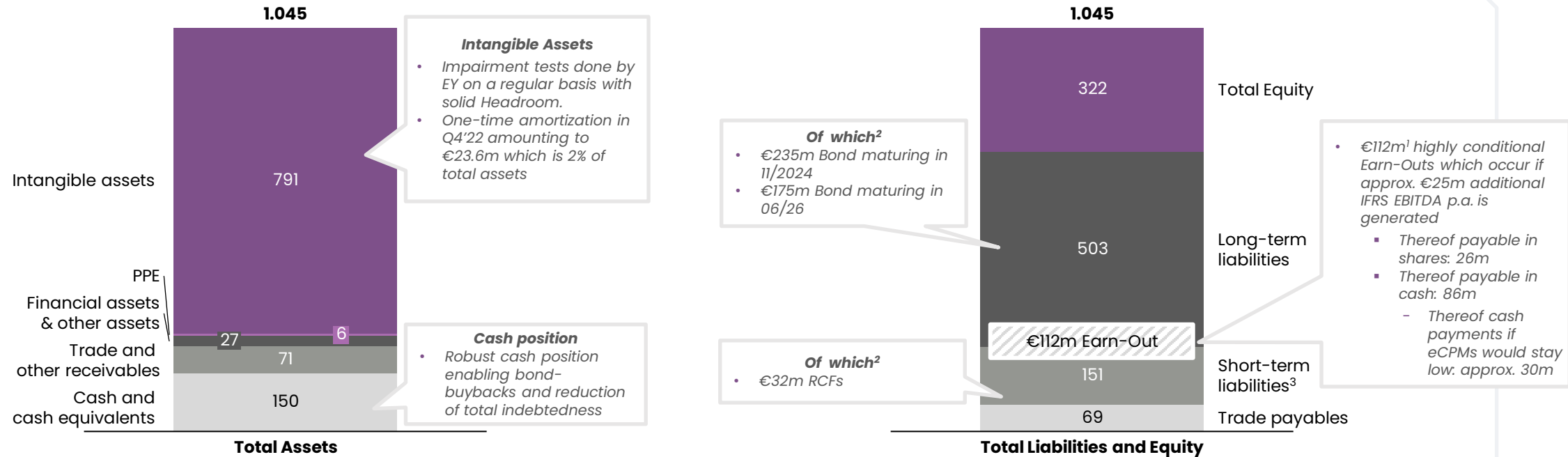


The MGI Balance Sheet

Strong balance sheet with high cash position to navigate the cycle

Balance Sheet as of December 31, 2022

(EURm)



Intangible Assets

- Impairment tests done by EY on a regular basis with solid Headroom.
- One-time amortization in Q4'22 amounting to €23.6m which is 2% of total assets

Cash position

- Robust cash position enabling bond-buybacks and reduction of total indebtedness

Of which²

- €235m Bond maturing in 11/2024
- €175m Bond maturing in 06/26

Of which²

- €32m RCFs

- €112m¹ highly conditional Earn-Outs which occur if approx. €25m additional IFRS EBITDA p.a. is generated
 - Thereof payable in shares: 26m
 - Thereof payable in cash: 86m
 - Thereof cash payments if eCPMs would stay low: approx. 30m

Strong equity ratio despite one-time amortization of intangible assets amounting to €23.6m

Cash:
EUR 150m


Net Interest Bearing Debt:
EUR 274m

Equity ratio:
31%

Note: (1) ca. 80m relate to AxesInMotion and is payable between 2023 – 2025 (2) according to IFRS accounting total interest bearing gross debt is €424m, (3) excluding Trade Payables



REVENUES AND EBITDA AT TOP END OF GUIDANCE

	First Guidance 2022	Second Guidance 2022	2022A 
Revenue (in €m)	290 – 310¹	315 – 325	324
<i>Growth</i>	15-23%	25-29%	29%
Adj. EBITDA (in €m)	80 – 90	83 – 93	93
<i>Growth</i>	13-27%	17-31%	31%



Mid-term Financial Targets

Prudent mid-term financial targets which have been outperformed for three years in a row

Confirming our prudent mid-term financial targets despite difficult to predict 2023



Revenue CAGR
25-30%

We are confident to grow



Adj. EBITDA margin
25-30%

We are confident to maintain good margins



Adj. EBIT margin
15-20%

We are confident to continue deleveraging



Pro-Forma Leverage¹
2-3x

Notes: (1) Mid-term net leverage target incl. LTM EBITDA from M&A, Definition Net Leverage: Net Interest-Bearing Debt divided by adj. EBITDA for the past 12 months excluding shareholder and related party loans
Source: Group information



Thank You.

www.mgi-se.com