

 OUR MISSION –  
MAKE ADVERTISING BETTER

# MGI - Media and Games Invest SE Interim Report Q1 2023

## AGENDA

 Introduction

 Business Update

 Financials





# INTRODUCTION





”

*We are pleased to announce that **we were able to grow** at 4% despite continuing headwinds in the advertising market and divestments of smaller non-strategic games*

**Remco Westermann, CEO**



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



## Remco Westermann

CEO & Member of the Board since 2012

Holdings in MGI: 42,282,518 shares (26.8%)



## Paul Echt

CFO since 2018

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

Notes: (1) Including contractors / freelancers, (2) As of Q1'2023, with >\$100k revenue / year

# KEY FACTS

**€327M**

Revenue Q1'23 LTM

**€95M**

Adj. EBITDA Q1'23 LTM

**~800**

Employees<sup>1</sup>

**+550**

Software Clients<sup>2</sup>

**€69M**

Revenue Q1'23

**€19M**

Adj. EBITDA Q1'23

**4%**

Revenue Growth Q1'23

**8%**

Programmatic Revenue Growth Q1'23



# BUSINESS UPDATE





# Major Events During Q1 2023

Broad range of initiatives facilitating further growth in the first quarter of 2023

**8% ADVERTISING REVENUE GROWTH  
(OUR CORE BUSINESS) DRIVEN BY  
DSP GROWTH**

**STRONG PERFORMANCE OF USER  
ACQUISITION DSP WITH CONTEXTUAL  
IOS CAMPAIGNS**

**GAMES STREAMLINING  
SUCCESSFULLY CONCLUDED  
REDUCING OVERALL COST BASE**

**+160 NEW CASUAL GAMES  
LAUNCHED IN Q1 2023**

**VERVE ACHIEVED 12% MARKET  
SHARE IN NORTH AMERICA AND  
IS INCREASING DIRECT SUPPLY  
POSITIONING**

**CONSOLIDATING TECH STACKS POST  
M&A AND FEATURE DEVELOPMENT**

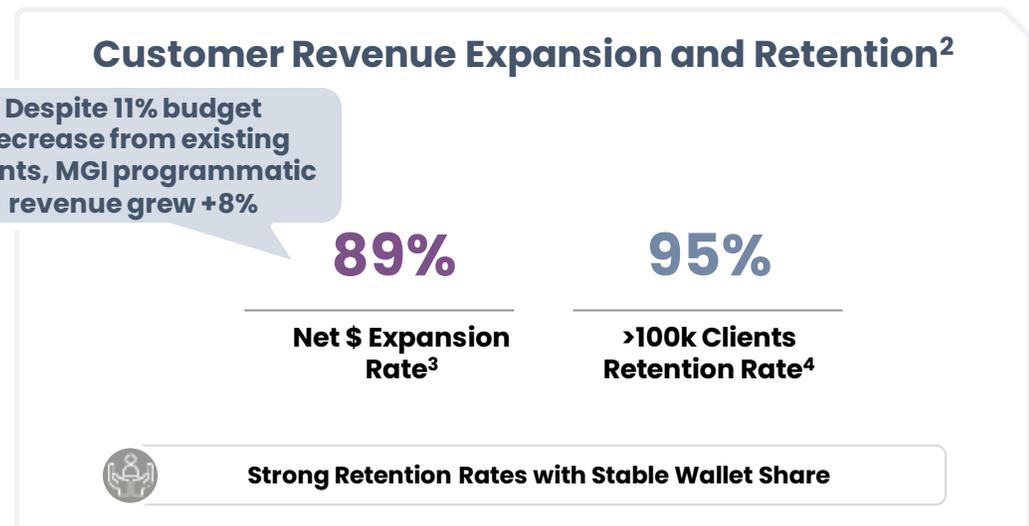
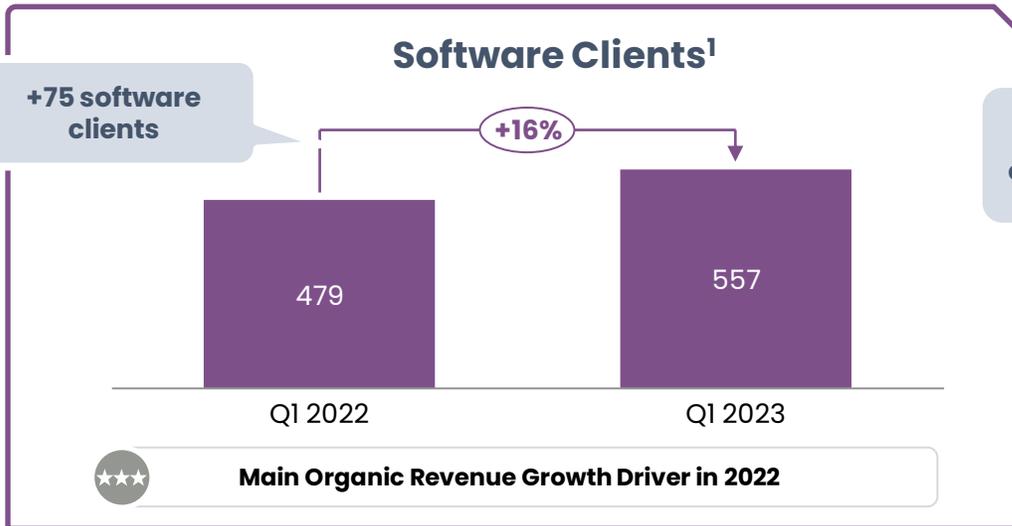
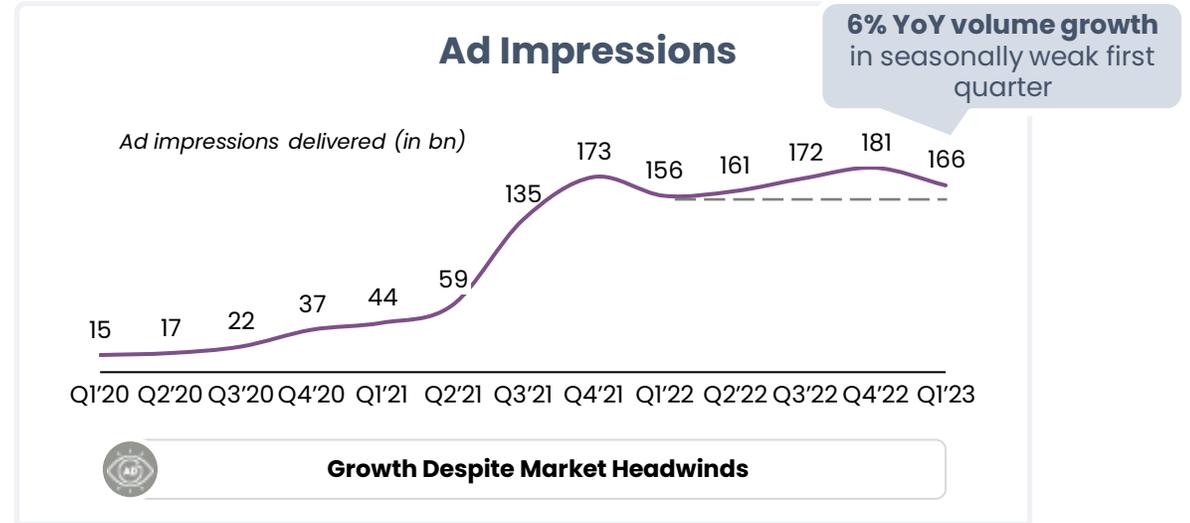
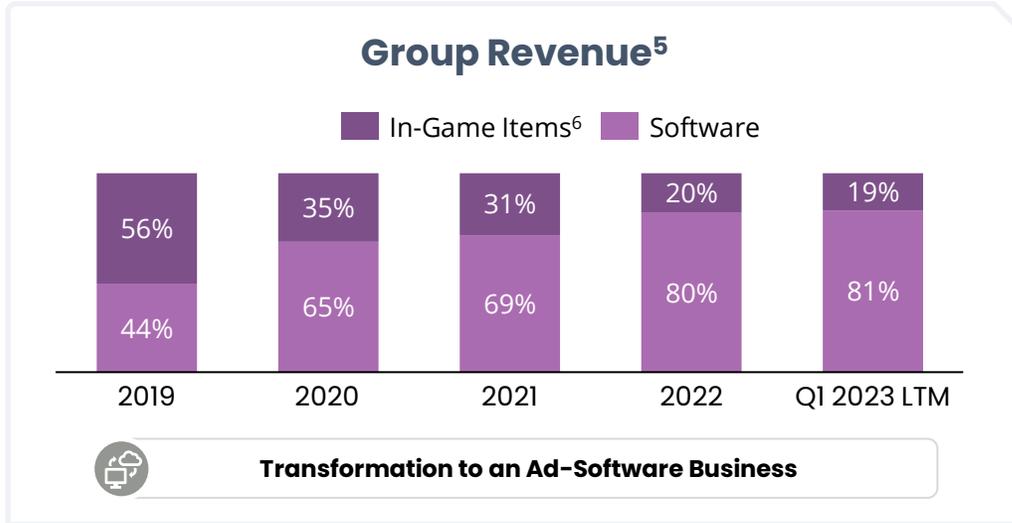
**SUCCESSFUL AND PRUDENT  
REFINANCING OF 2024 BONDS**

**ESG AS A CORE FOCUS LEADING TO  
MSCI & S&P ESG RATING  
IMPROVEMENTS**

# Further Growth from New Software Clients Despite Headwinds



The KPIs driving our top-line growth



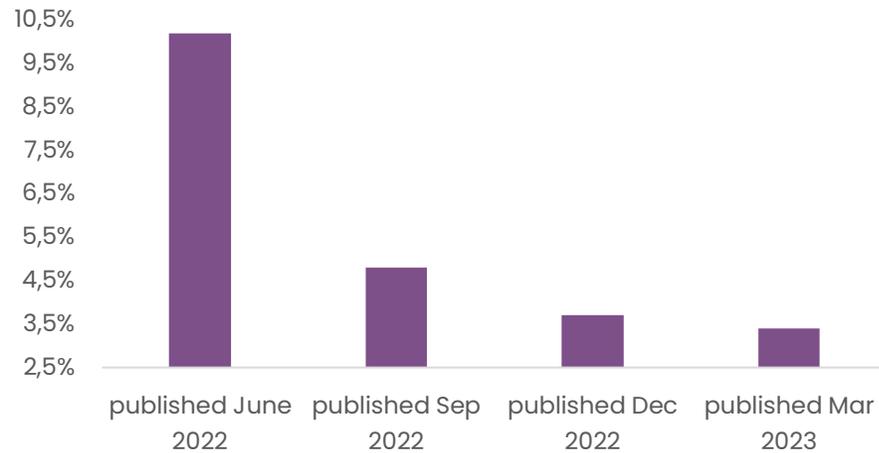
Notes: (1) Software Clients with >100k gross revenues, includes customers from M&A, stated amounts are ad spend volumes, ad-platform customers only, (2) ad-platform customers only, (3) Q1'23 Net \$ Expansion Rate based on Programmatic Exchange Business, including Smaato, (4) excluding M&A. Includes ad-platform 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

Copyright © 2023 Media and Games Invest SE. All Rights Reserved.



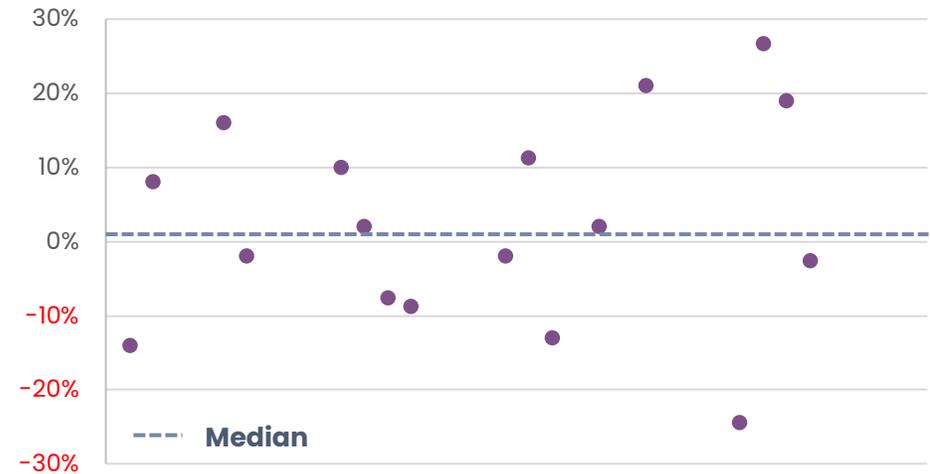
## Advertising budgets still depressed by macro environment...

US ad spend forecast for FY 2023<sup>1</sup>



## ... leading to median growth of 2% in the ad tech sector

Q1 2023 YoY Growth Listed Ad-Tech<sup>2</sup>



**Minimal to zero growth** in the ad market in the first two quarters...

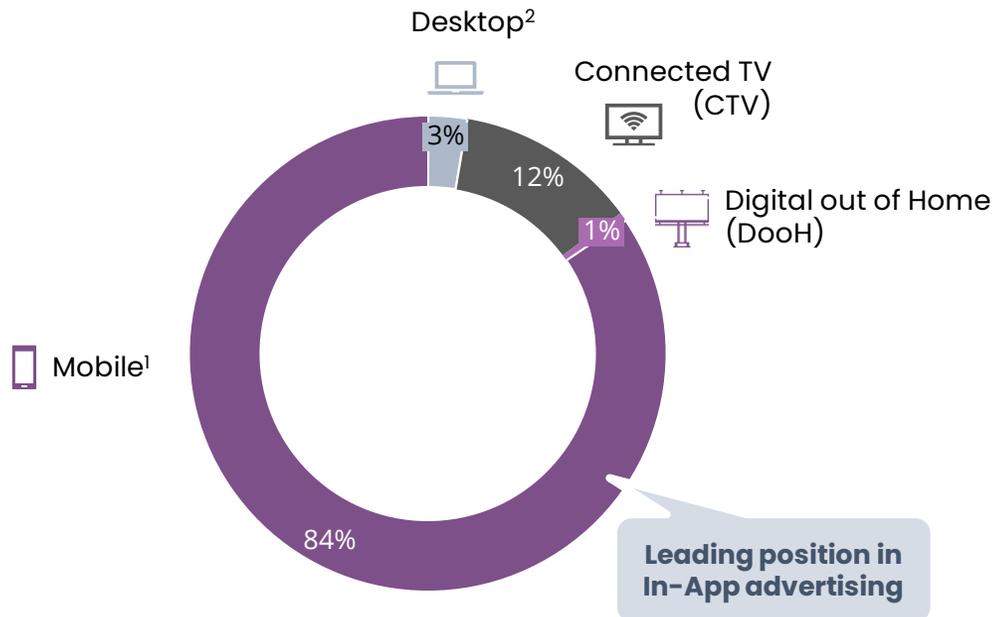
...but the market is expected to show **signs of improvement in the second half of the year**



# We Are a Leading Mobile SSP

Focus on growth of In-App and CTV; segments with solid growth

## Media volume per consumer device Q1'23

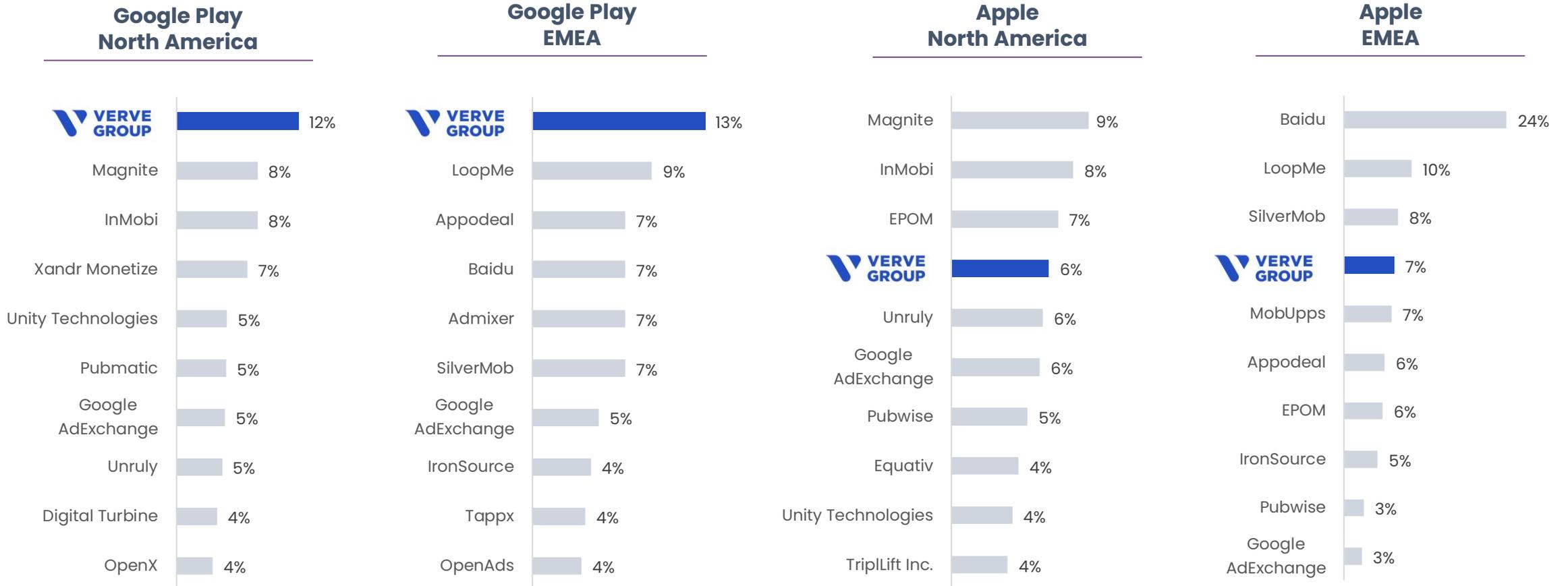


	Mobile	Strong growth in a tough market growing at <b>8%</b> YoY
	CTV	Growing strongly at <b>10%</b> YoY in "hot CTV market"
	Desktop	Decline of <b>-37%</b> YoY due to low focus based on depressed market margins
	DooH	DooH growing at 374% YoY (while coming from small base) and based on seasonal campaigns

# Market-Leading Mobile In-App SSP



Pixalate's Mobile SSP Market Share Report confirms market leading position of our Supply Side



**Verve Group has built a strong position in In-App supply, based on its large number of direct app integrations and its strong position in data enabling better ad-optimizations.**



# Innovative Targeting Products

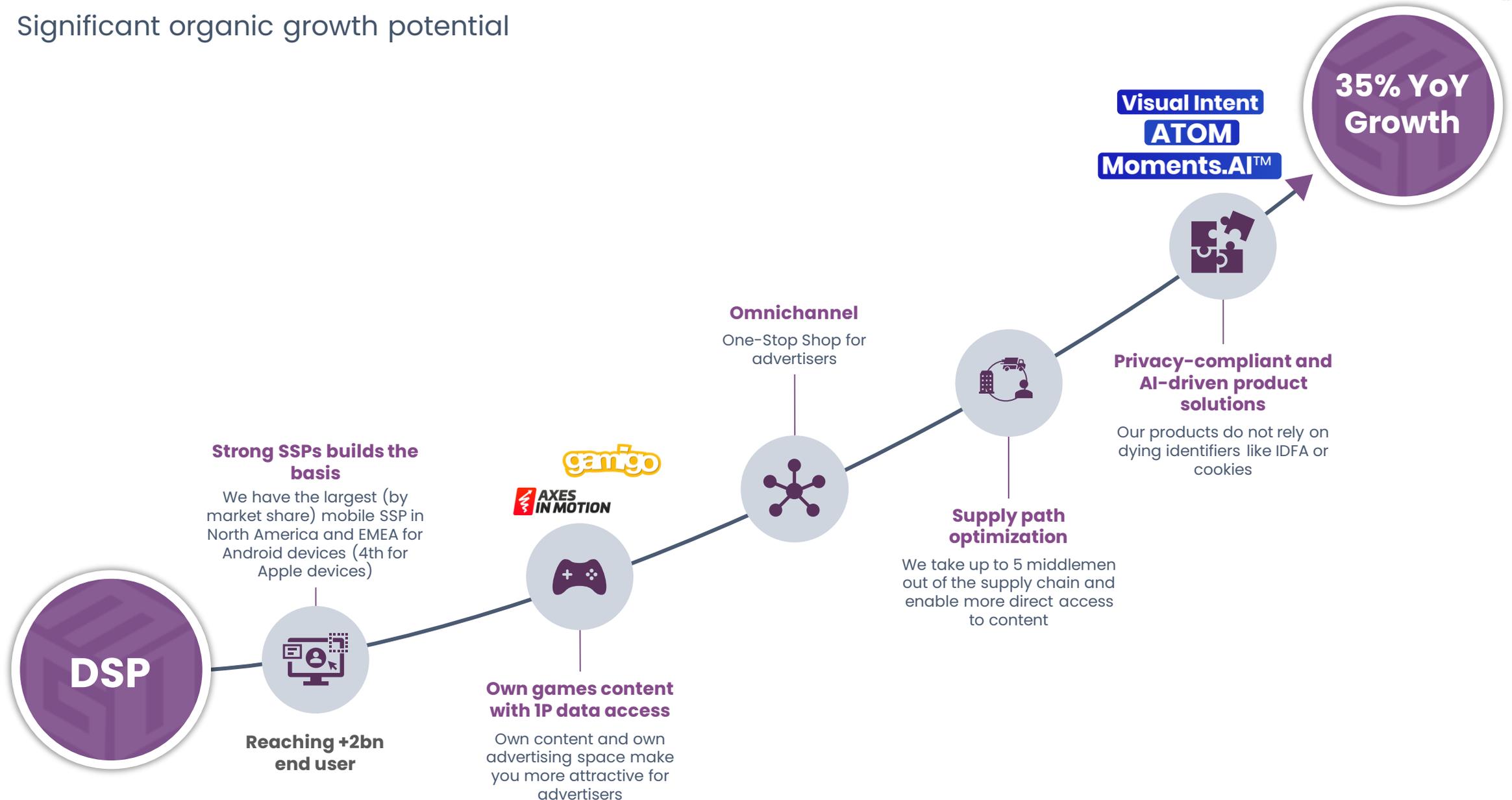
AI-driven targeting solutions for advertisers that are privacy-compliant and do not require identifiers



**Verve Group's real-time contextual targeting solutions uses artificial intelligence to deliver ads against the most recent & relevant content and context in the most and effective way**

# Focus on Further Growing MGI's Demand-Side

Significant organic growth potential





# FINANCIALS





# First Quarter Financial Highlights

## Solid Growth Versus Q1 2022

**4%**

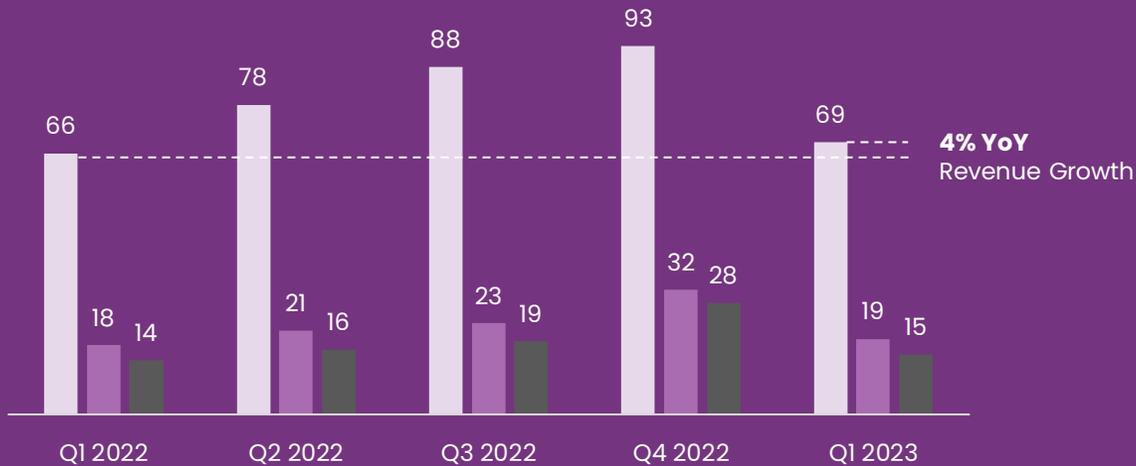
Revenue Growth

of which:

**1%**

FX-adjusted Organic  
Revenue Growth

- Net Revenues
- Adj. EBITDA
- Adj. EBIT



## Strong profitability and cash generation Q1 2023

### Revenue Growth

**+8%**

Programmatic  
revenues

**-6%**

Games  
revenues

### Margin Growth

**9%**

Adj. EBITDA Growth

**12%**

Adj. EBIT Growth

### Margin %

**28%**

Adj. EBITDA margin

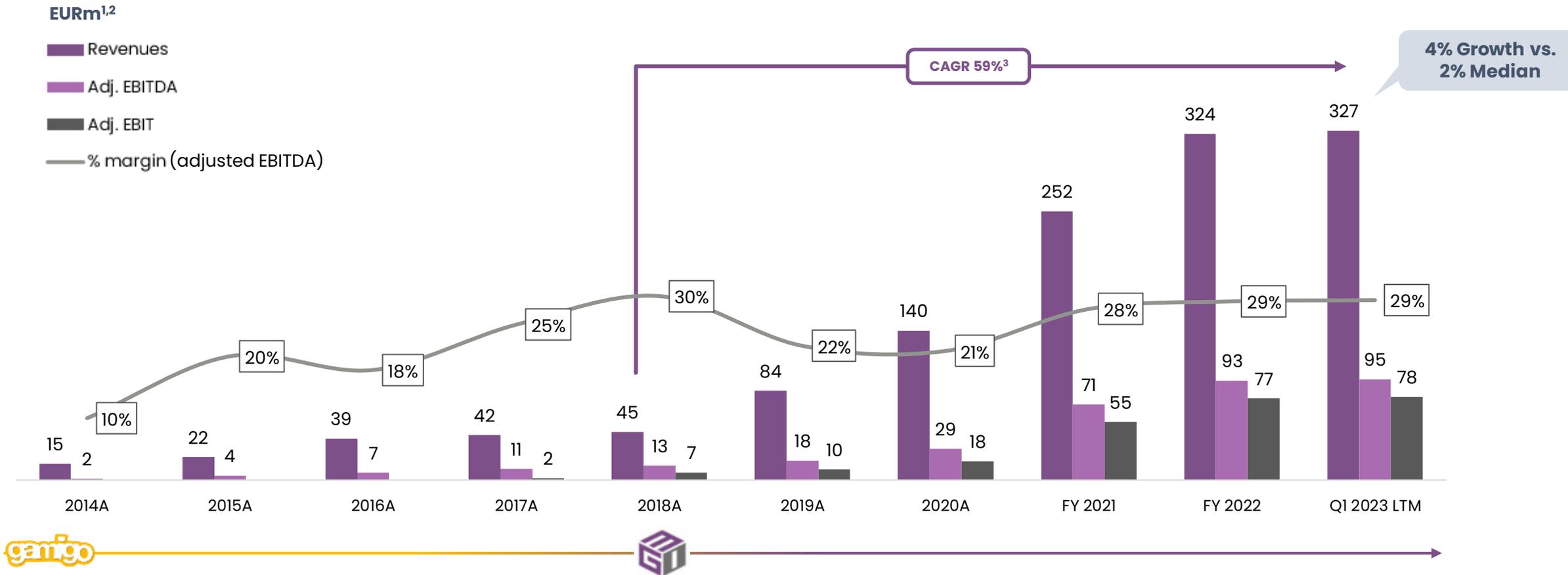
**22%**

Adj. EBIT margin



# Consistent Long-Term Financial Development

Highly scalable and profitable business model with strong organic growth

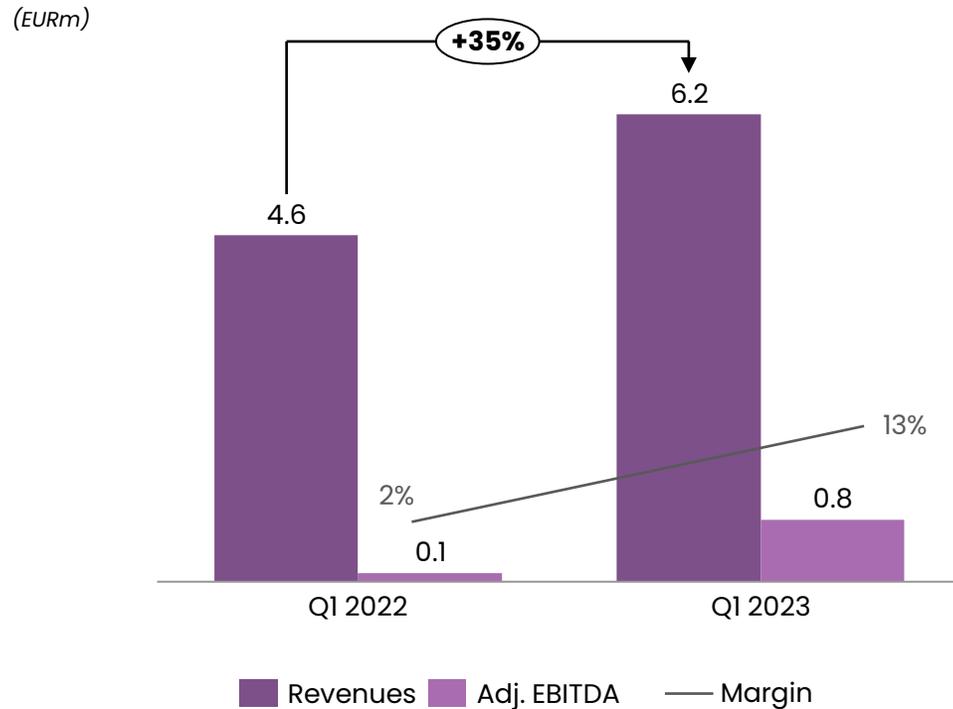




# MGI – Segment Performance

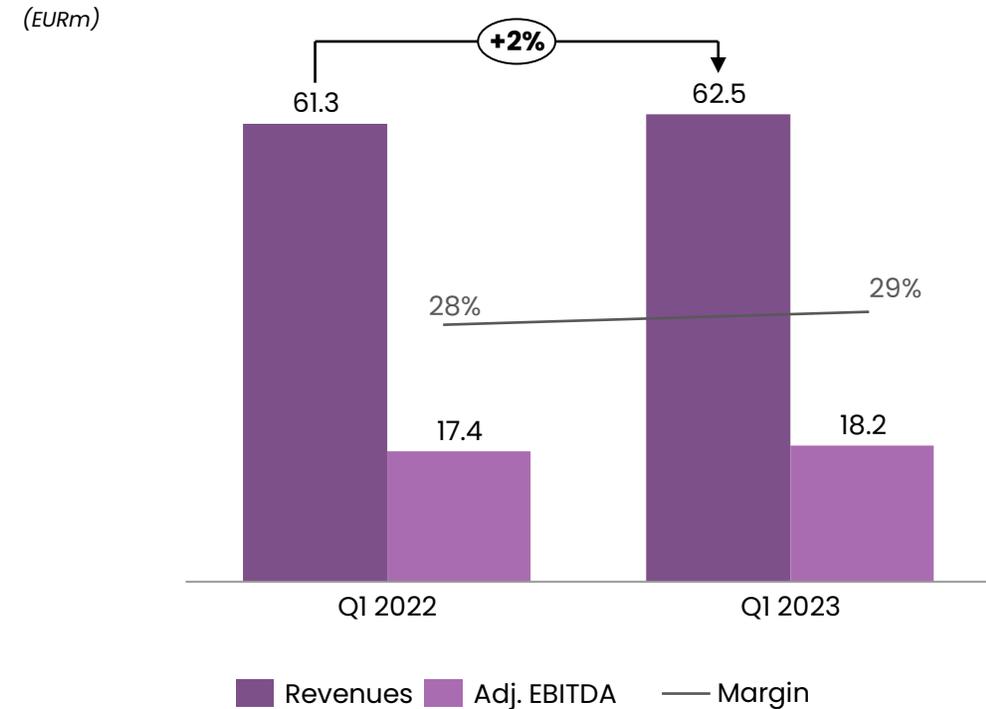
Substantial growth on smaller demand side. Supply side growth impacted by discontinued games revenues

## Demand-Side Segment



Demand-Side outgrowing Supply-Side following investments in recent years and strong performance of our contextual UA DSP for iOS campaigns

## Supply-Side Segment



Solid growth despite headwinds and discontinued non-strategic smaller games



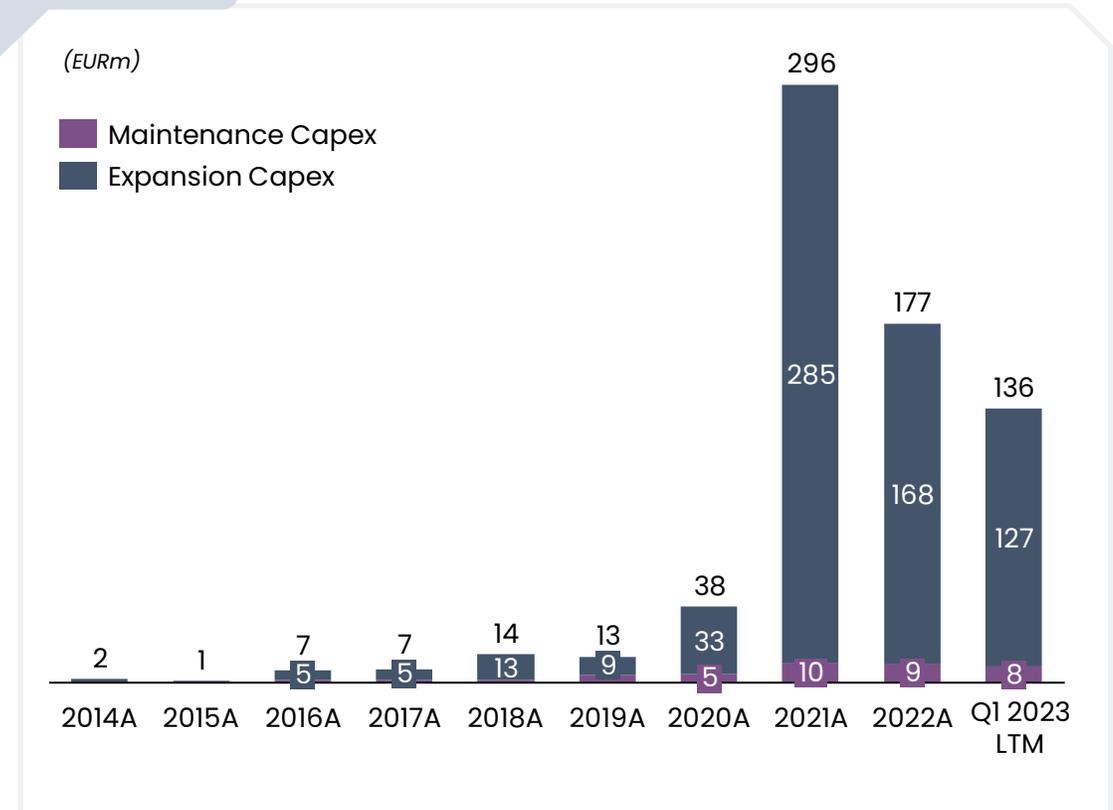
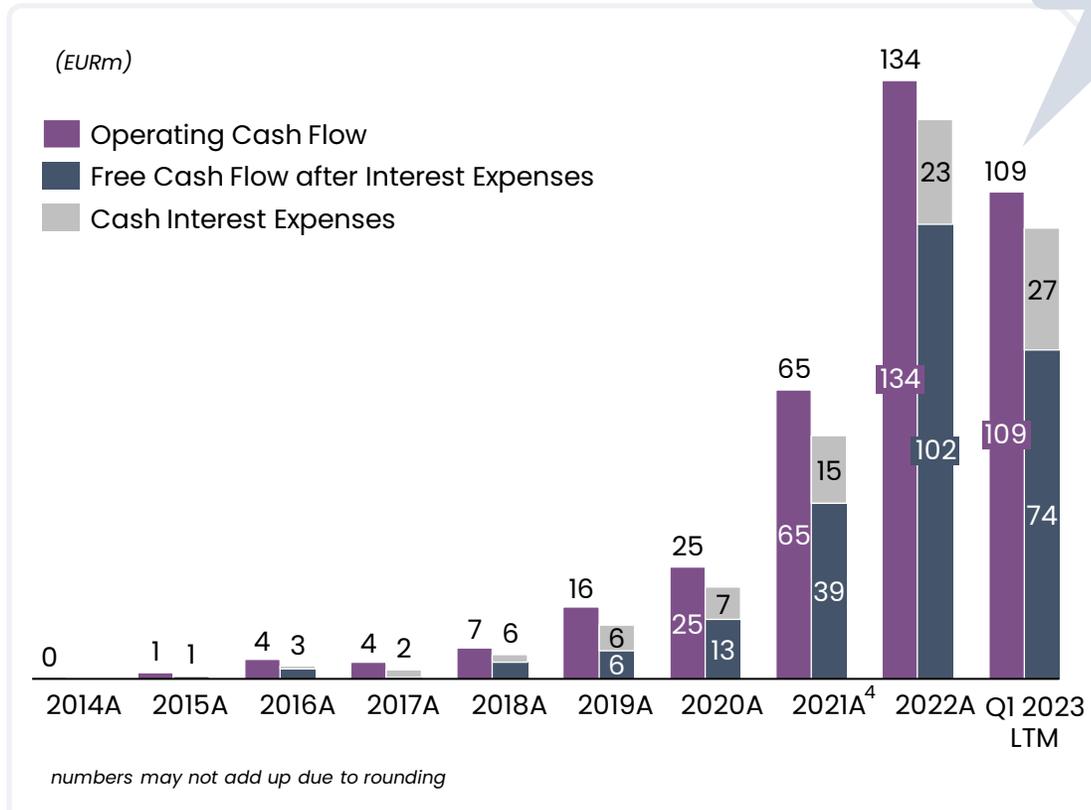
# Operating Cash Flow and Capex Development

Strong cash flow from operations, continuous investments in organic growth

## Operating cash flow development<sup>1,2,3</sup>

-26mEUR seasonal WC effect

## Capex development<sup>3</sup>



High free cashflow despite increased interest expenses due to limited maintenance CapEx

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) Starting 2021A only includes Cash Interest Payments



# Net Leverage & Interest Coverage Ratio

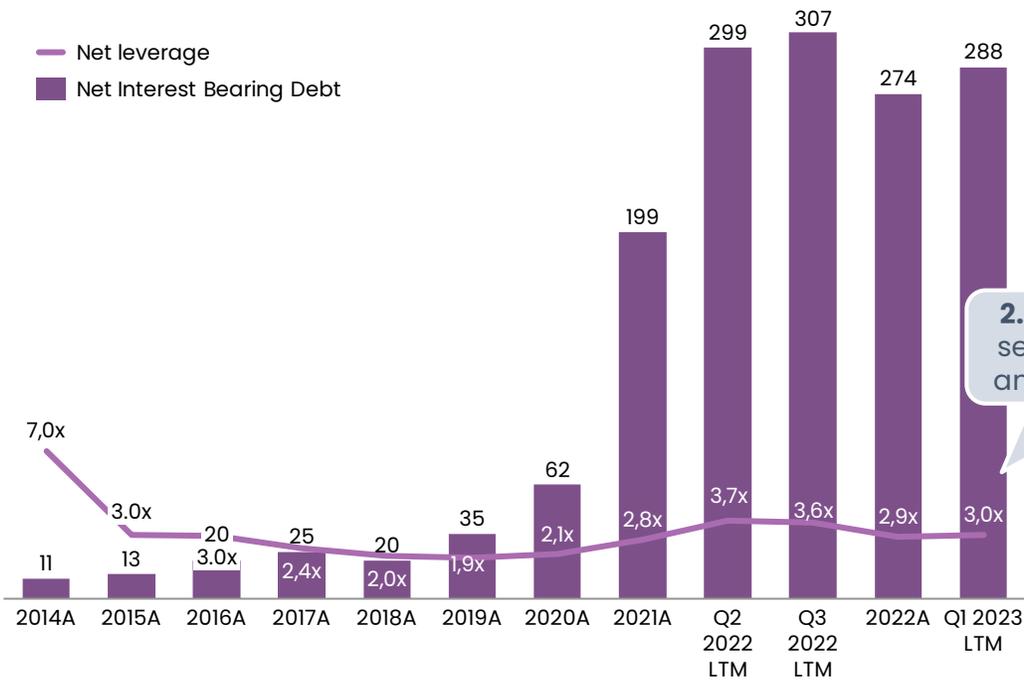
Focus on further deleveraging in the coming quarters

## Net debt to adj. EBITDA ratio development<sup>1</sup>

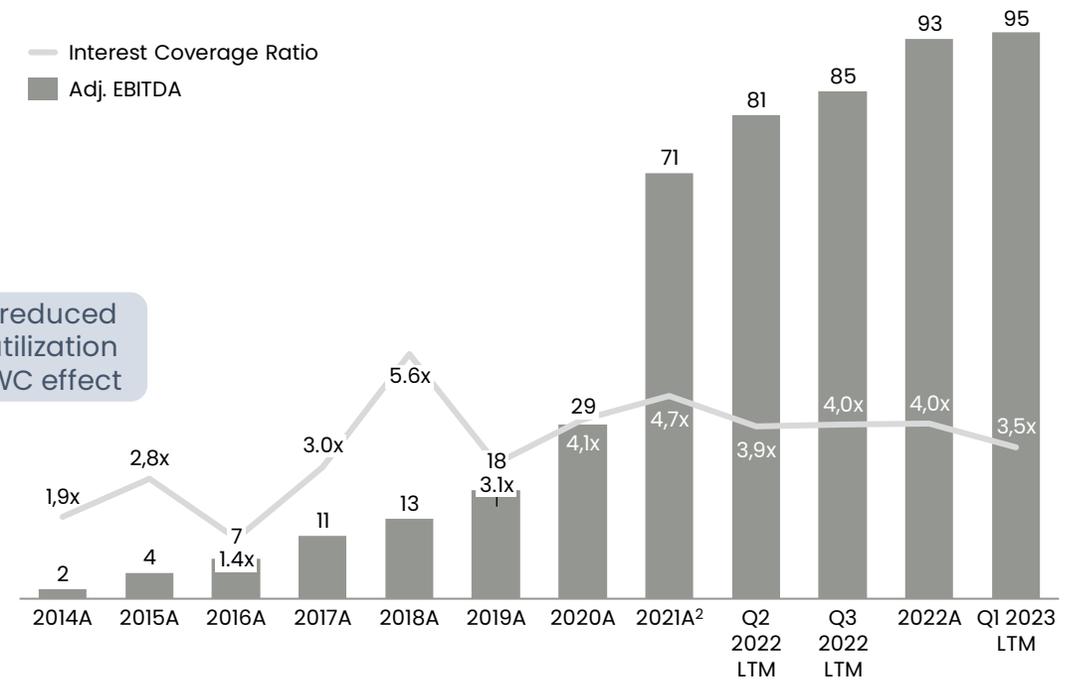
## Interest Coverage ratio development<sup>1</sup>

(EURm)

(EURm)



Interest Coverage Ratio  
Adj. EBITDA



2.7x excluding reduced securitization utilization and seasonal WC effect

Solid credit ratios and further deleveraging expected until the end of the year



# REVENUES & EBITDA GUIDANCE

	Actuals 2022	Guidance 2023
<b>Revenue</b> (in €m)	<b>324</b>	<b>335-345</b>
<i>Growth</i>	29%	3-7%
<b>Adj. EBITDA</b> (in €m)	<b>93</b>	<b>95-105</b>
<i>Growth</i>	31%	2-13%

**350 - 360mEUR** pro-forma revenues assuming a stable FX rate and adding back games closures

**8-12%** pro-forma growth excluding games divestments and stable FX rate YoY

**No material FX-impact on EBITDA** on pro-forma basis due to natural hedging of revenues and cost



# Mid-Term Financial Targets

Mid-term financial targets focus on further substantial growth while keeping leverage under control

2023 anticipated to be softer due to macro environment factors; strong mid-term outlook

Revenue CAGR  
**25–30%**

We are confident with our mid-term rate of growth

Adj. EBITDA margin  
**25–30%**

We are confident in our ability to maintain strong margins and reinvest dollars into further growth

Adj. EBIT margin  
**15–20%**

Pro-Forma Leverage<sup>1</sup>  
**2–3x**

We are confident we will maintain our target leverage range

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](http://www.mgi-se.com)