



MGI - Media and Games Invest SE
Interim Report Q3 2023

Presenter and Ownership Structure

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



Remco Westermann

CEO & Member of the Board

Holdings in MGI: 43,916,587 shares (27.6%)



Paul Echt

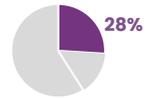
CFO

Holdings in MGI: 180,679 shares and 2,250,000 phantom stock



Shareholdings (159,249,358 shares)¹

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.



Oaktree Capital Management, LP is a USD 140bn diversified global asset manager growing their platform companies into recognized market leaders.



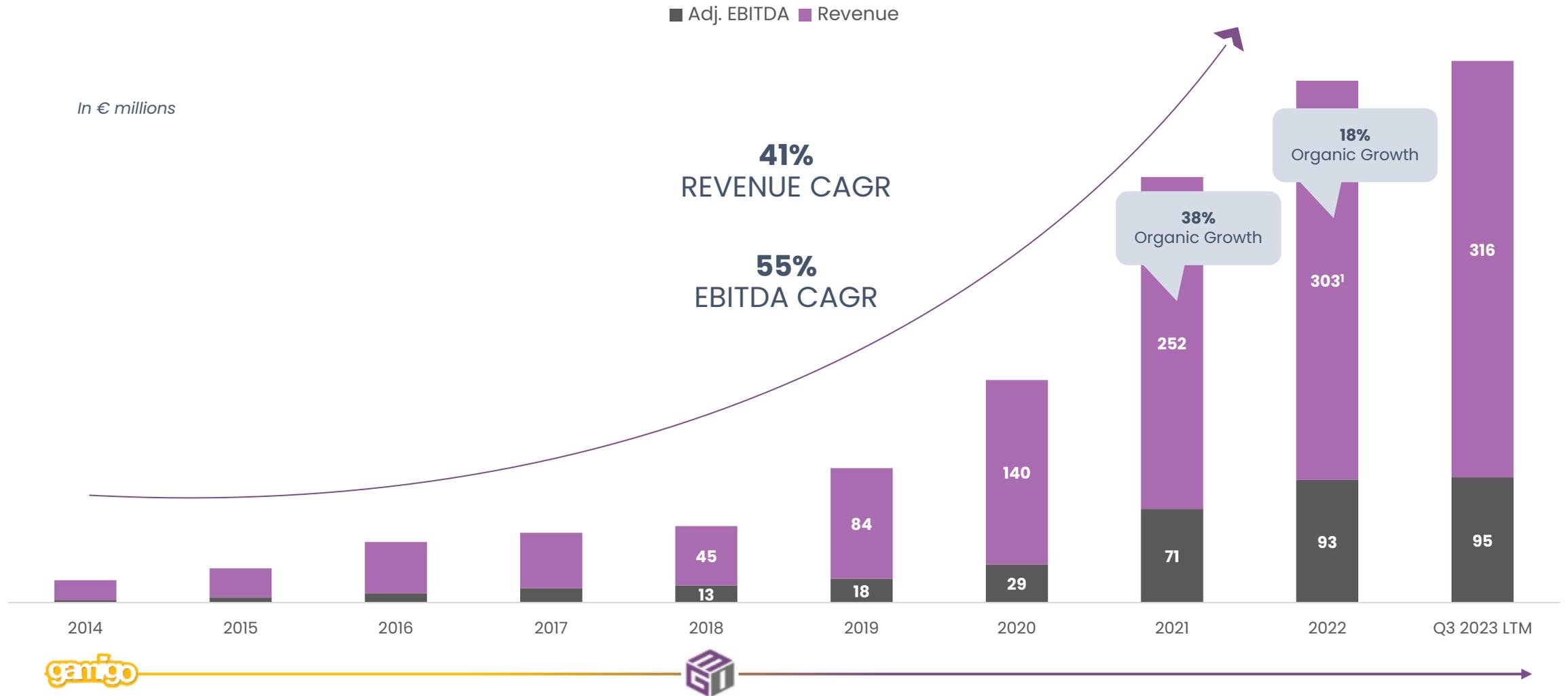
J. Safra Sarasin



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., Didner & Gerge Fonder, Case Fonder and J. Safra Sarasin.

Source: Group information
Disclaimer: Product names, company logos, and app screenshots used on this slide are property of their respective owners.
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.

Focus on Highly Scalable and Profitable Business Model



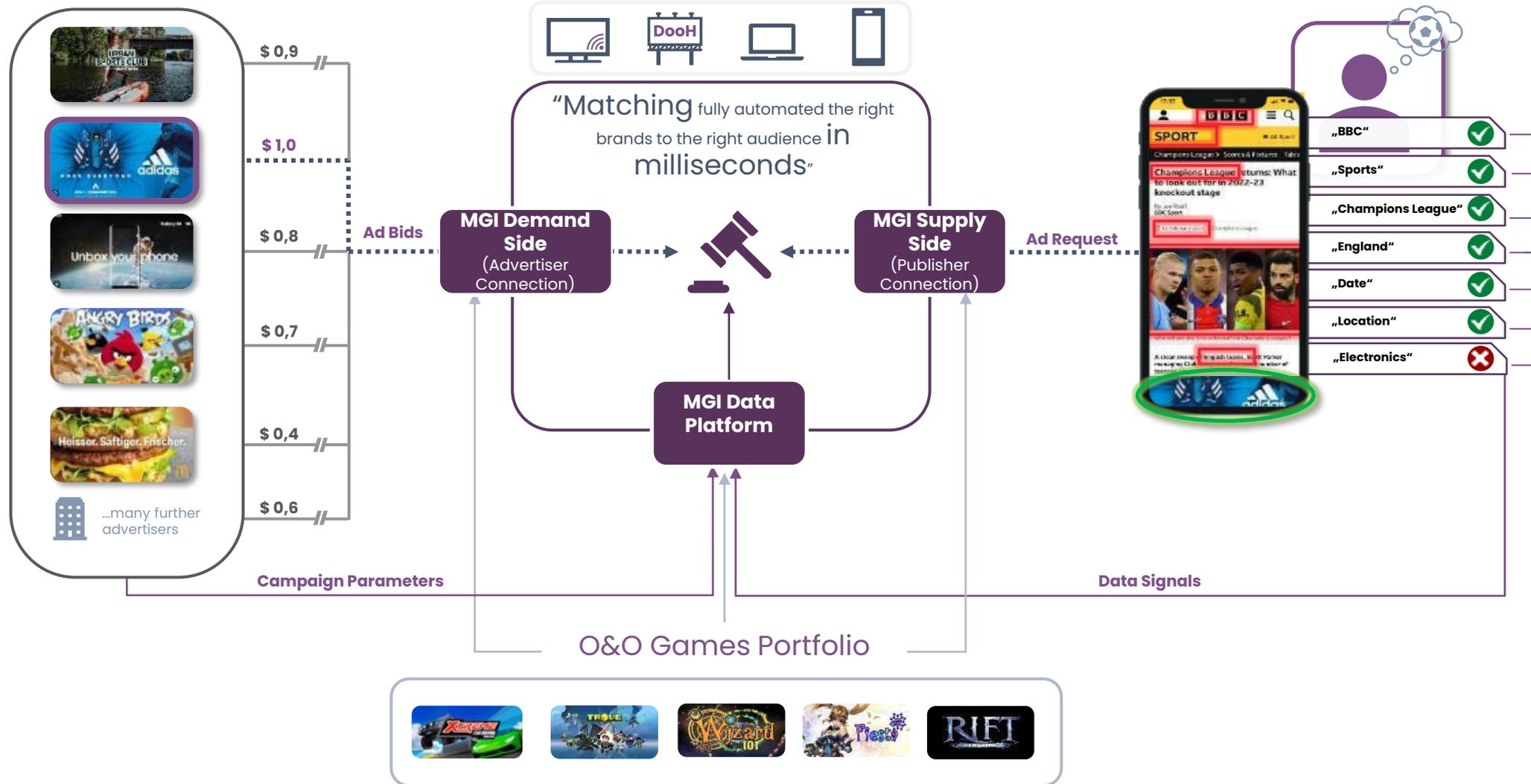


Our Business Model: Combining Digital Advertising and O&O Games

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

ADVERTISER / BRANDS

PUBLISHER / END CONSUMER





Q3 Highlights



Market Share



Product Development



Cost Control



Cash Position



Advertising budgets & CPM's still depressed

- CPM's down by 20-30%, Net \$ expansion rate still low with 93%
- But there is light at the horizon



Further increasing market share

- Increased customer base and ad-volumes
- Extending market-share in U.S. and EMEA
- 1% organic growth (FX adjusted). Overall, 11% reported revenue decline due to FX and divestments



Successful cost management

- Active margin management and cost control
- Additionally, effects from cost reduction starting to yield
- Increasing adj. EBITDA margin from 26% to 29%



Improved cash position

- Strong free cashflow despite earn-out payments
- Giving room for further deleverage



BUSINESS UPDATE

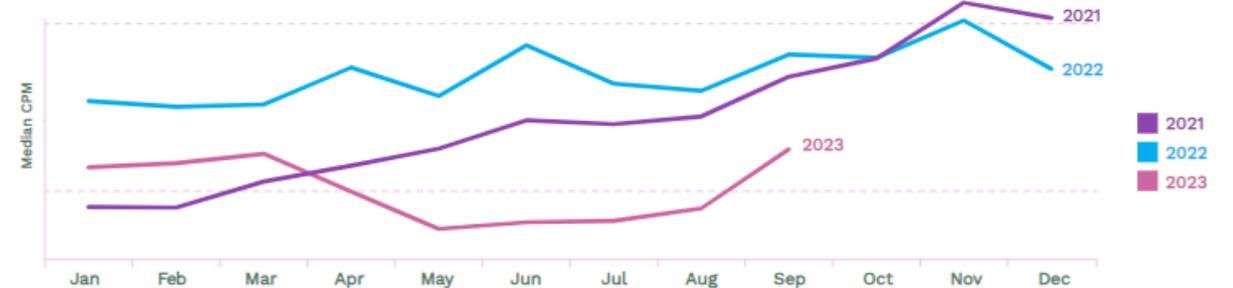
Advertising Budgets & CPM's Still Depressed due to Macro Economic Pressure



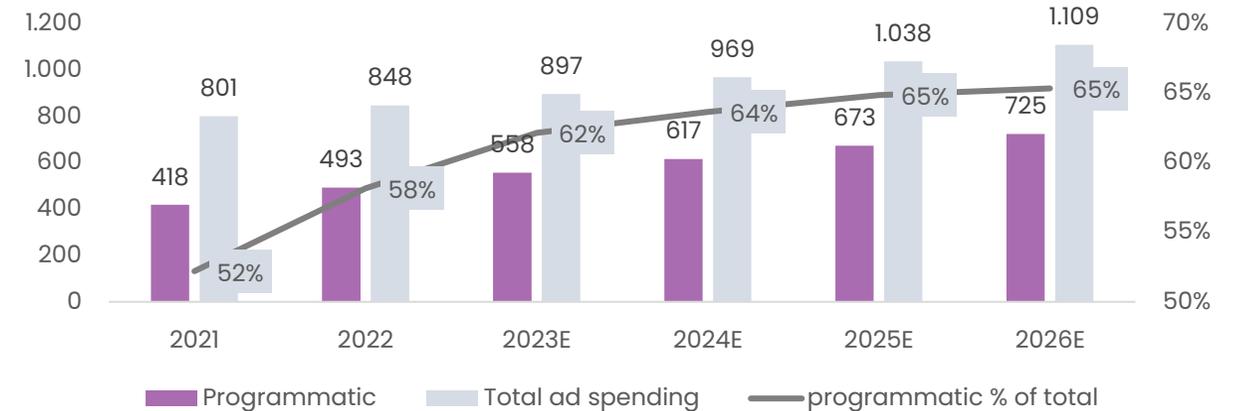
Cyclicality of the Advertising Market in Line with Macro economy



Less Ad-Demand Leads to Lower Prices CPMs decreased by 33% YoY Q3 2023¹



Advertising is a Growth Market Programmatic Outperforms the Ad-Market²



Notes: (1) AdRoll - State of Digital Marketing Report, URL: <https://www.adroll.com/state-of-digital-marketing-report> (2) eMarketer Worldwide Ad Spending 2023 and Statista

MGI Further Gaining Market Share



Declined budgets and stable client retention

Net \$ Expansion Rate³

104%

Q3 2022



93%

Q3 2023

>100k Clients Retention Rate

97%

Q3 2022



96%

Q3 2023

Continued increase of ad impressions served as well as in software clients

Total Software Clients

1,898

Q3 2022

9%

2,068

Q3 2023

Ad Impressions (bn)

172

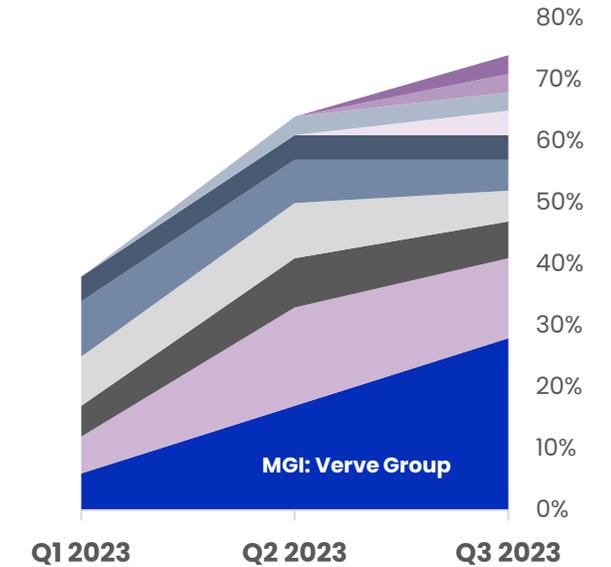
Q3 2022

8%

186

Q3 2023

Leading to increase in market share e.g. Mobile In-App¹



- Verve Group
- Pubwise
- Magnite
- LoopMe
- Nexxen
- Google AdExchange
- InMobi
- Unity
- IQzone Inc.
- Sharethrough

Notes: (1) Pixalate: Mobile SSP Market Share Report Q3 2023, URL: https://www.pixalate.com/blog/pixalates-q3-2023-mobile-supply-side-platform-ssp-market-share-report?hs_preview=TcLJhXde-l4294411191&utm_campaign=SSP%20Market%20Share%20Reports&utm_source=press%20release

Efficiency Improvements and Cost Control



Annual EUR 10 million cost saving program,
Enabled by the achieved technical optimizations

Planning further efficiency gains and cost reductions
based on initiatives such as platform optimizations

Further investing in innovation and platform
unification

Ability to adapt cost to protect profitability



**Increase of adj. EBITDA margin driven
by efficiency gains**

26%
(Q3 2022)



29%
(Q3 2023)

Global Player in Programmatic Advertising with Strong USPs



Multichannel Transparent Ad-Software platform



A strong base to build from

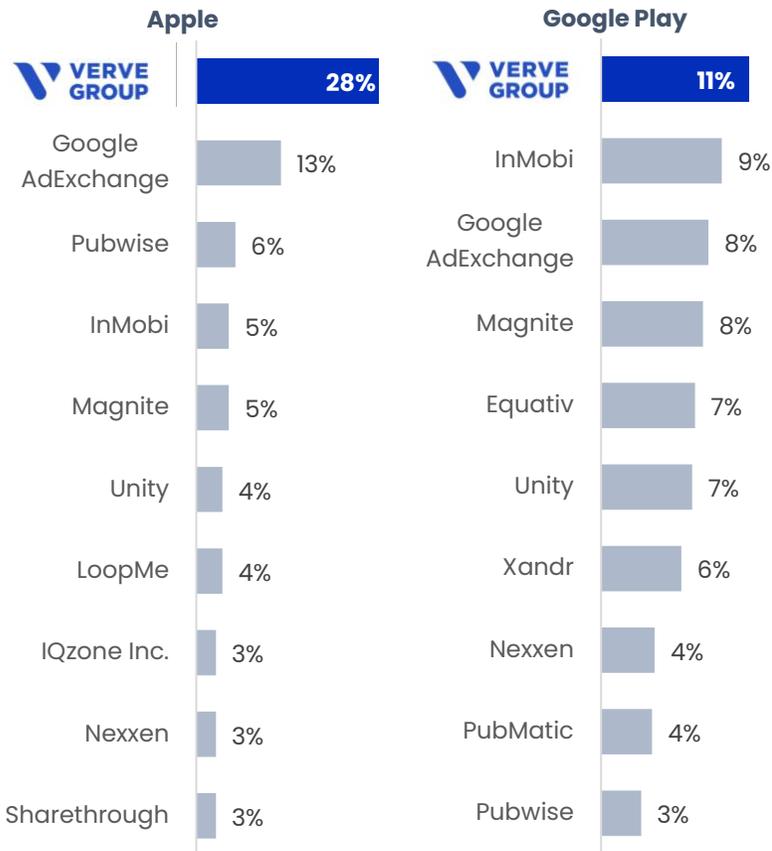
Our Mission:

Let's Make Media Better

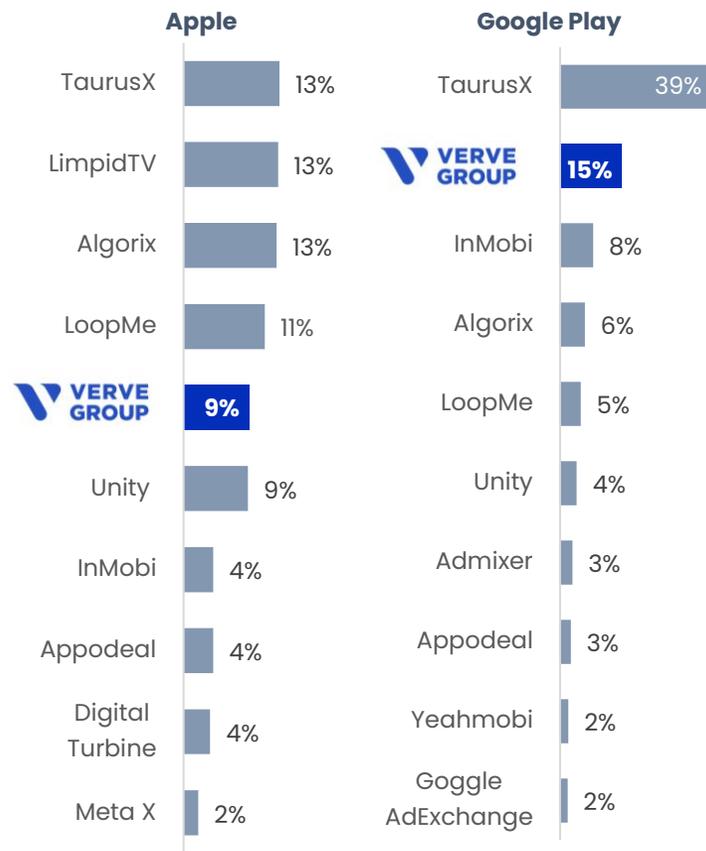
Taking Further Market Share and Building a Market Leader



North America¹



EMEA¹



- ✓ Further publishers onboarded, a.o. Trippledot Studios, Popcore, Tribune Publishing, AdAlliance, VerticalScope, Zealium Media
- ✓ Further demand partners onboarded, a.o. Mintegral and Sharethrough
- ✓ Launch of two major improved SDK updates in Q3 to drive better eCPMs for publisher partners, and higher conversions for DSPs
- ✓ Launch of extended video capabilities and Rewarded Playables to drive engagement and conversion.

Notes: (1) Pixalate: Mobile SSP Market Share Report Q3 2023, URL: https://www.pixalate.com/blog/pixalates-q3-2023-mobile-supply-side-platform-ssp-market-share-report?hs_preview=TcLJhXde-142944111191&utm_campaign=SSP%20Market%20Share%20Reports&utm_source=press%20release



Further Strengthening our CTV position



Q3 Achievements

- ✓ Further publishers onboarded, e.g. Friendly.TV, Hearst Television, Rakuten TV, Vizio and TCL
- ✓ Further demand partners onboarded, a.o. Magnite
- ✓ Added capabilities with Open RTB2.6 to allow all ad pod types (dynamic, hybrid, and structured) & translation logic ensuring maximum participation in the auction process
- ✓ Added the ability to apply more granular targeting criteria by sub-category thereby further enhancing our industry leading targeting ability
- ✓ Enabled Adelaide's attention matrix tracking



Our Data is a Key Success Factor for Addressability

We bring together first- and third-party data sources for unmatched data at scale

VERVE AD EXCHANGE DATA

Among Top 5 Mobile Ad Exchanges Globally



20,000+ APPS
2B+ USERS

X

VERVE O&O DATA

Among Leading Publishers Globally



5000+ OWN GAMES
1BN+ Reg. USERS

X

ADDITIONAL DATA

Further data for enrichment

Moments.AI

+5B Pages crawled

DoubleVerify / LiveRamp

+50 Other Partners

Nielsen comscore

+20 3rd Party ID's



+60% household reach
in the U.S. & EMEA.

Cross-screen Activation

Layers gaming data and behavior across Mobile x CTV, at scale, powered by **Verve ID Graph**

Precision & Quality

Audience segments are built from hundreds of data points; data is constantly refreshed and verified for quality and efficacy

Privacy-by-Default

Consented data adhering to CCPA, GDPR, COPPA, ATT, maintaining addressability even without IDFA or GAID

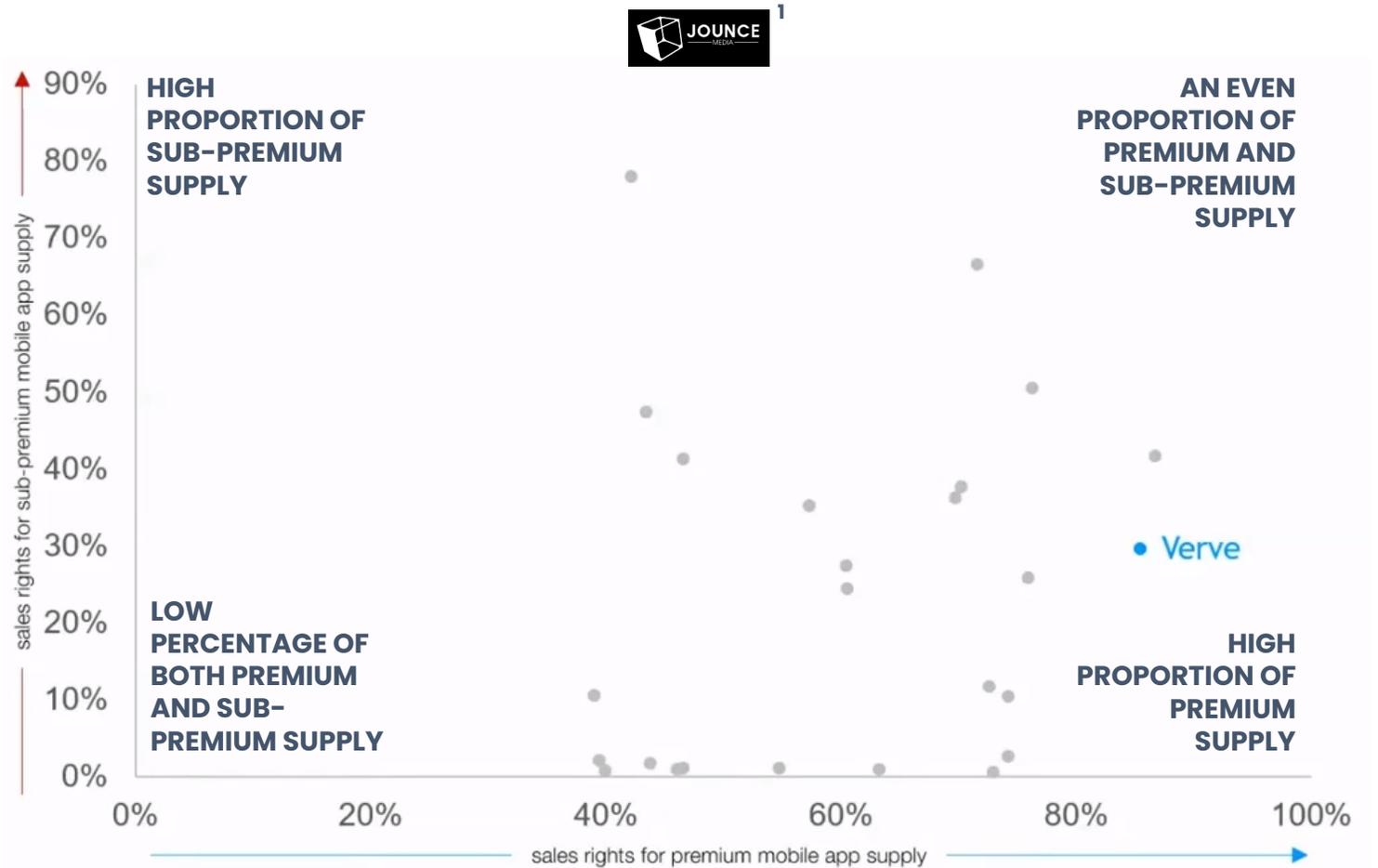


Offering an Integrated Multichannel Platform

Our integrated multichannel ad platform was established based on M&A and organic additions

Q3 ACHIEVEMENTS

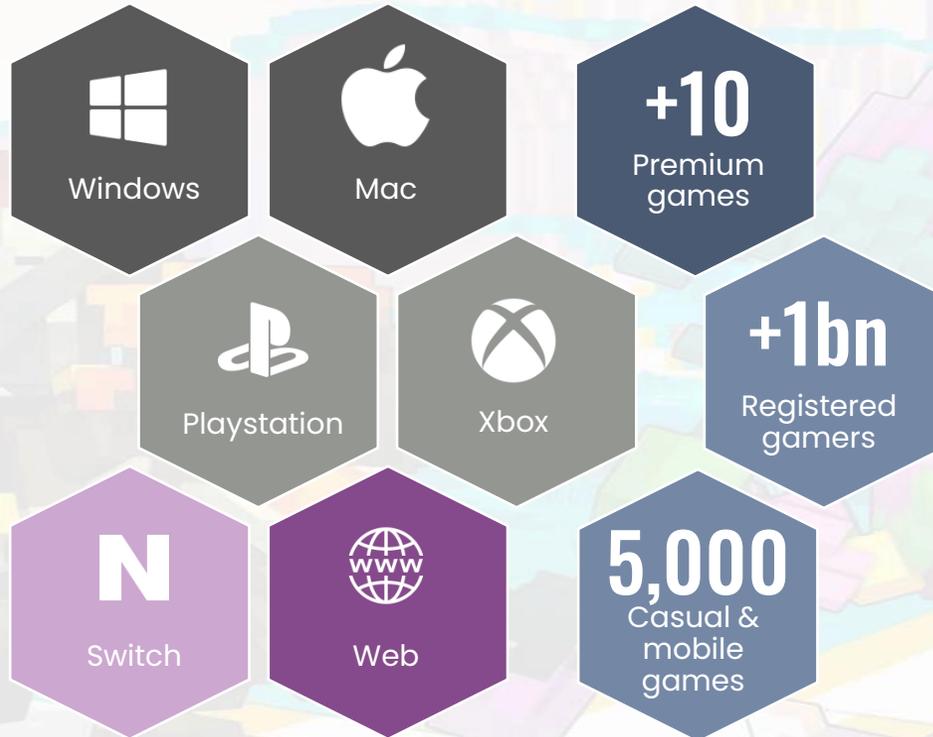
- ✓ Adding demand partners
- ✓ Further integrating tech stacks
- ✓ Feature & product development
- ✓ Improving machine learning algorithms
- ✓ Improving data lake and data capabilities
- ✓ Adding supply partners, focus on direct supply



Leveraging our Owned and Operated Games Portfolio



Scale of our gaming Data



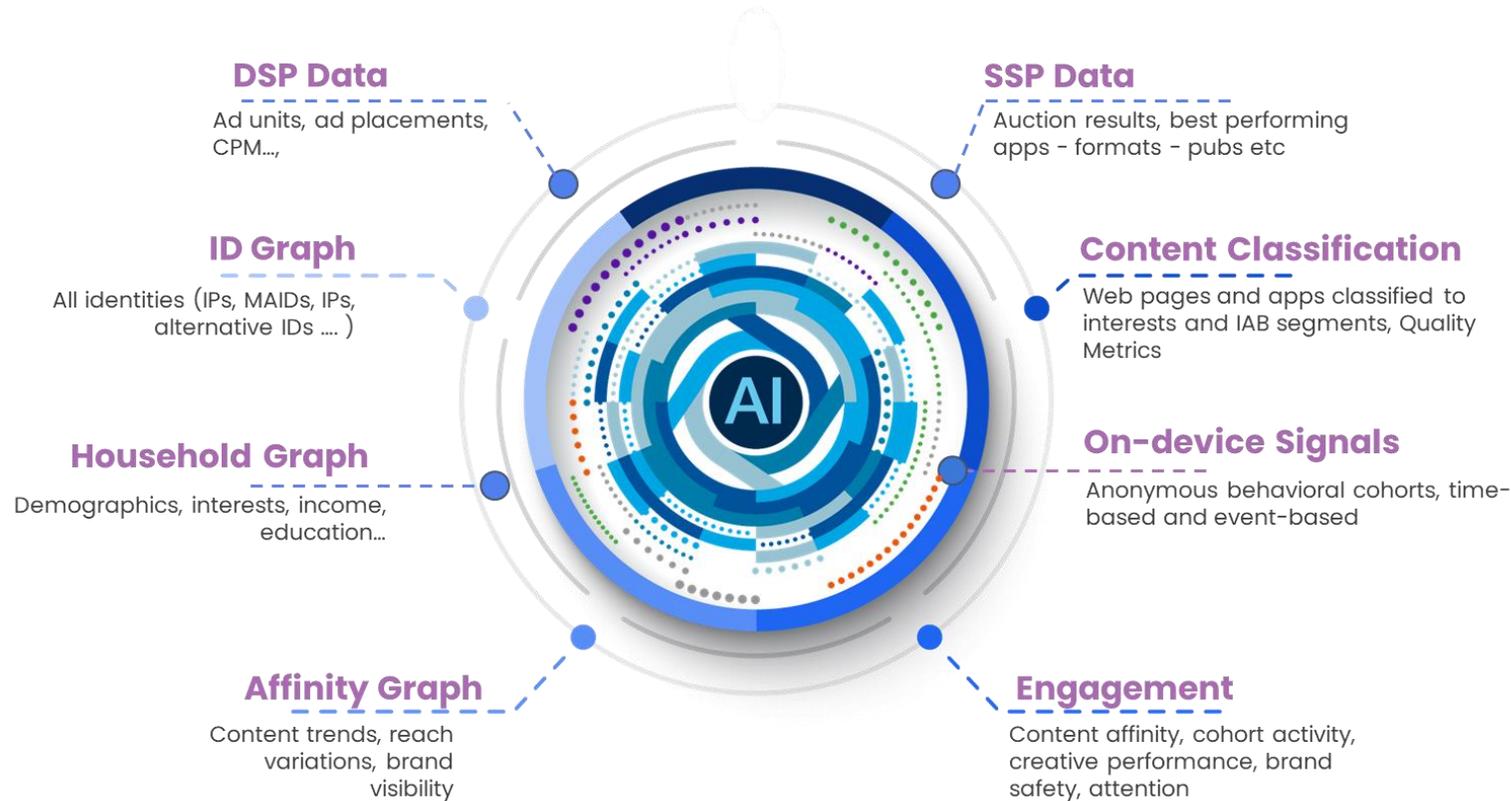
- PARTNERING WITH EPIC GAMES
- WIZARD101 MAJOR UPDATE - THE CRYING SKY RAID
- NEW SERVER LAUNCH FIESTA ONLINE
- FURTHER INTEGRATION OF GAMING DATA INTO AD SOFTWARE PLATFORM
- CLOSE COOPERATION ON TESTING AD-TECH FEATURES

 **MGI'S FOCUS FOR FURTHER
GROWTH** Machine Learning Contextual Targeting Demand Partnerships



Machine Learning is a Strong Driver of Our Business

AI significantly improves analytical and targeting efficiency



Machine Learning

- Leverage big data
- Automate processes
- Analyze patterns
- Make predictions
- Enable personalization for highest engagement

Big Data on MGI's Platform

- 450 Bn bid request / day
- 5 PB of data going out / day
- 25 PB of raw data storage / month



Machine Learning is Important in Many Aspects

We use AI in a variety of fields

Creating Personalized Experiences

- Tailored Advertising Campaigns
- Enhanced Engagement & Conversions
- Utilizing Consumer Behavior Data

Providing Better Analytics & Insights

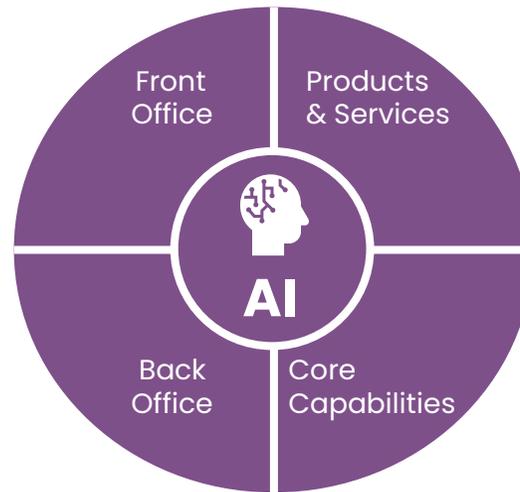
- In-depth Advertising Performance Analysis
- Data-driven Strategy Adjustments
- Enhanced Understanding of Campaign Effectiveness

Targeting Precise Audiences

- Precision in Audience Segmentation
- Relevant & Engaging Advertisements
- Efficient Multichannel Campaigns
- Higher Conversion Potential

Development & Automating Routine Tasks

- Code review for developers
- Creation of graphics for gaming
- Streamlined Ad Buying & Placement
- Resource Optimization



Building products based on AI

- | | |
|-----------------------|---------------------------------------|
| • Moments.AI | Contextual targeting |
| • Visual Intent | Contextual targeting |
| • ATOM | AI on device |
| • Household targeting | On CTV |
| • IDLess Graph | Micro targeting for the ID-less world |

Optimizing Ad Placements & Bidding

- Predictive Analysis for Strategic Decisions
- Maximized ROI through Intelligent Bidding
- Budget Efficiency & Impactful Placements
- Smart pricing basis supply & demand

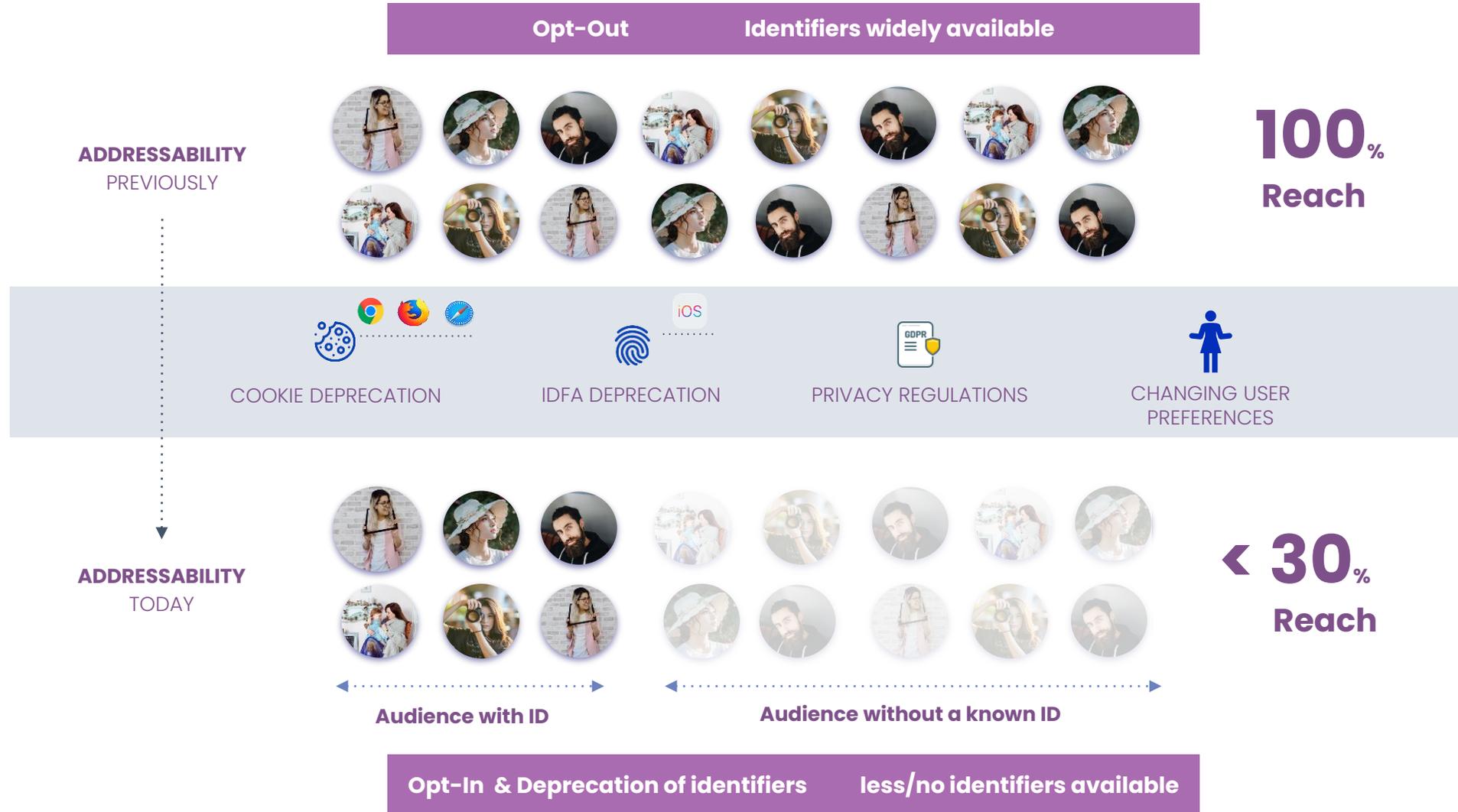
Looking into new technologies

- Neural networks
- Quantum computing

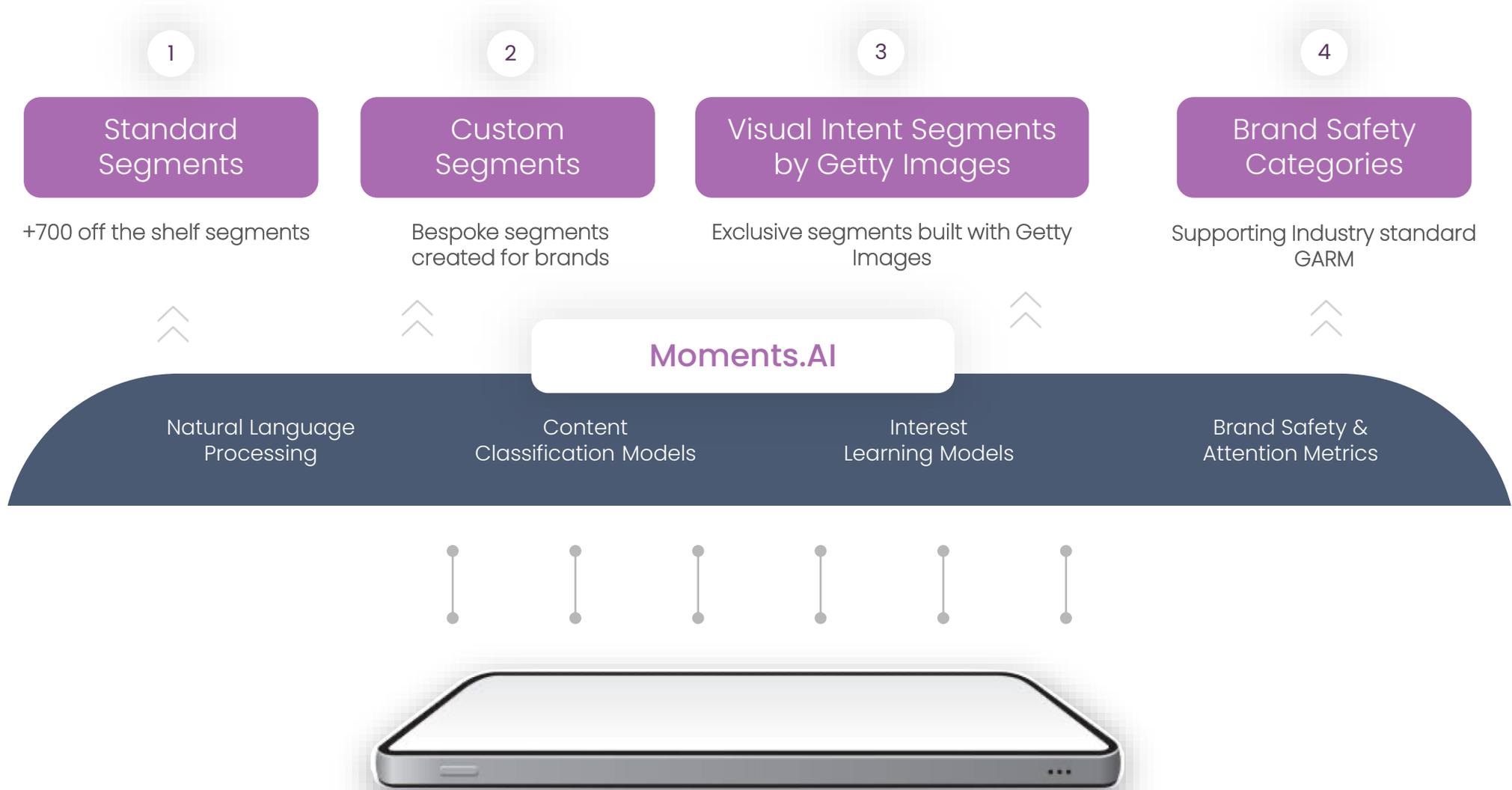
Deprecation of Identifiers: Shift Towards Contextual Targeting



One of the largest disruptions of Ad-Tech



MGI's Contextual Targeting Solution: Moments.AI





Contextual Targeting with Moments.AI

Moments.AI to enrich bid-request contextual signals for user targeting



- Using AI to verify consumer identities without using cookies, PII or ad identifiers for web marketers
- Analyze and activate data (visual content, keywords, semantics, meta tags and more) from thousands of premium web publishers worldwide

Optimize Campaigns Towards These Attention Metrics

- **Confidence**
How strongly does the context index towards the segment definition?
- **Brand Safety**
Is the content in line with the GARM Brand Safety + Suitability Framework?
- **Attention**
How much time do consumers spend on the ad units?
- **Sentiment**
Is the content positive, neutral or negative?
- **Recency**
How long ago was the content published?
- **Viewability**
What are the viewability rates on the ad units?

AI Processes and Algorithms

- **Natural Language Processing**
- **Content Classification Models**
- **Interest Learning Models**
- **Brand Safety & Attention Metrics**



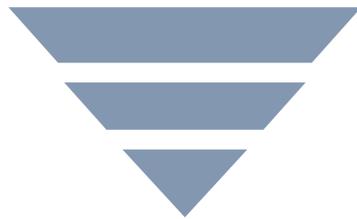
Case Study

Methodology

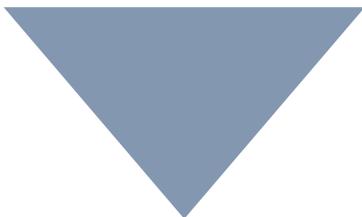


Traditional Approach

- Third-Party Cookies
- Audiences
- Retargeting



Moments AI™



Contextual Optimisation.
With No Cookies, IDs & PII.
Zero Privacy Risk



 viaplay GROUP X Moments.AI™

Establish that we can deliver new
subscriptions in *Norway* with Contextual
Targeting

Results



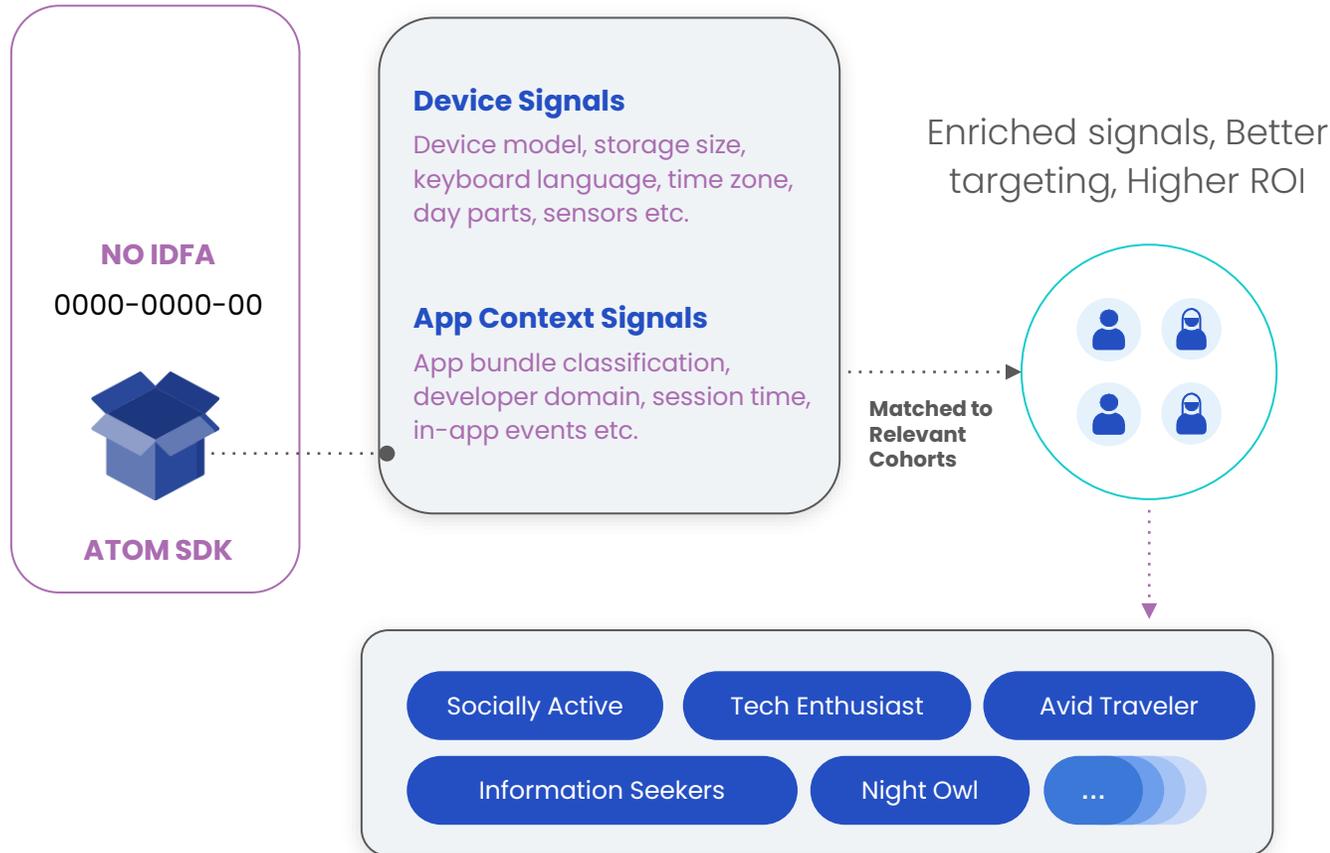
8.32X

Return on advertising spend

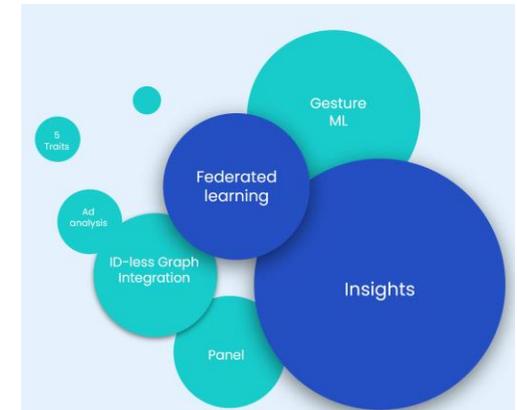


Contextual Targeting with ATOM

Anonymous targeting on mobile, a future-proof and market-leading solution



Product Roadmap



Commerce Roadmap

- We have extensively tested in open Beta
- We further scale ATOM from Q1 2024 by offering it in our standard SDK
- We are onboarding demand partners



Demand Partnerships to Increase the Demand Side

Building relations with agencies & brands

The top 5 worldwide advertising agencies...



...control >50% of all ad-spend

Agencies

Advertisers



MGI has a strong position on the Supply side

- ✓ Reaching over 2bn devices
- ✓ Leading in Direct Supply (no middleman)
- ✓ Privacy & quality First
- ✓ Strong in Data and targeting
- ✓ App. 90% of our revenues are generated on the supply side

MGI is working on improving its demand side

- ✓ A stronger demand side also helps on the supply side
- ✓ A strong demand side improves overall efficiency and reduces cost

Main targets for the next quarters are:

- ✓ Improving our relations with the agencies and advertisers
- ✓ Having the right people that can speak 'Media-Language'

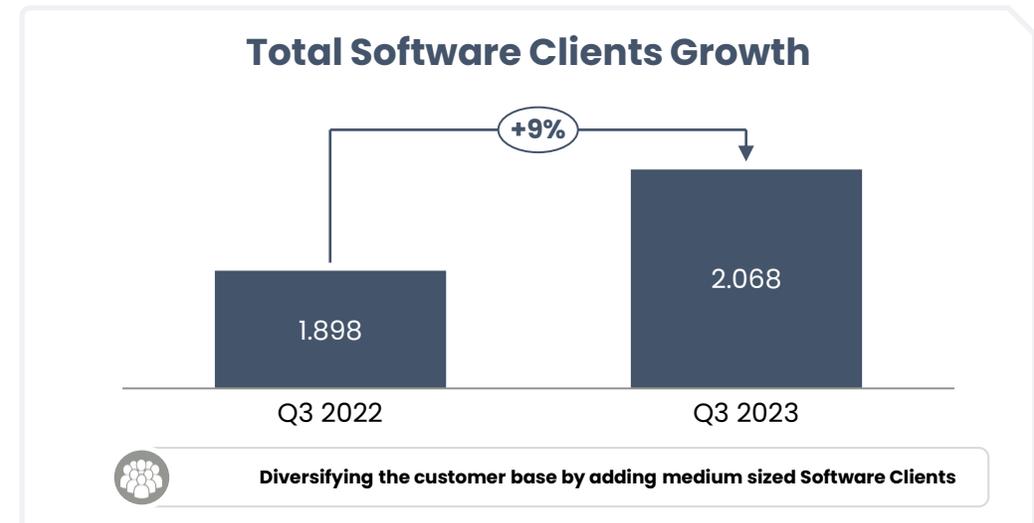
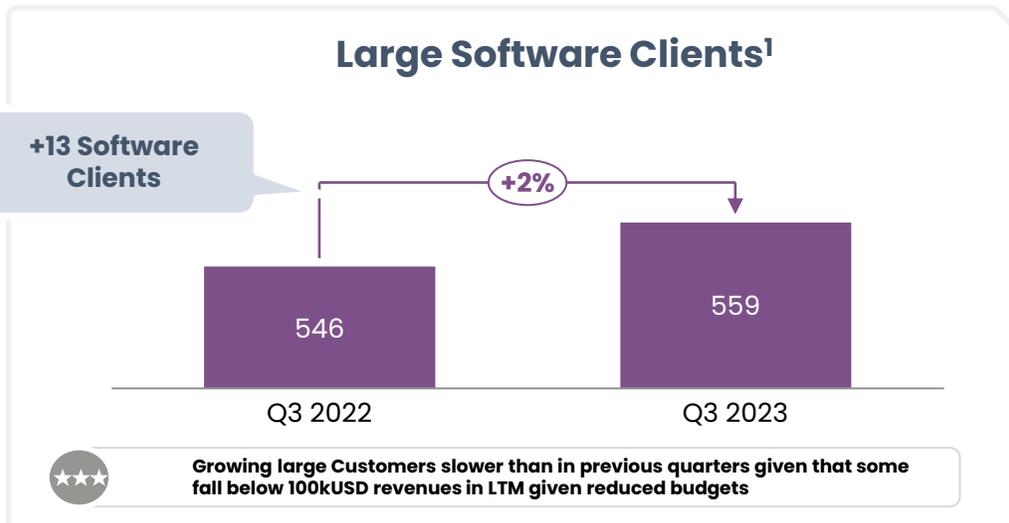
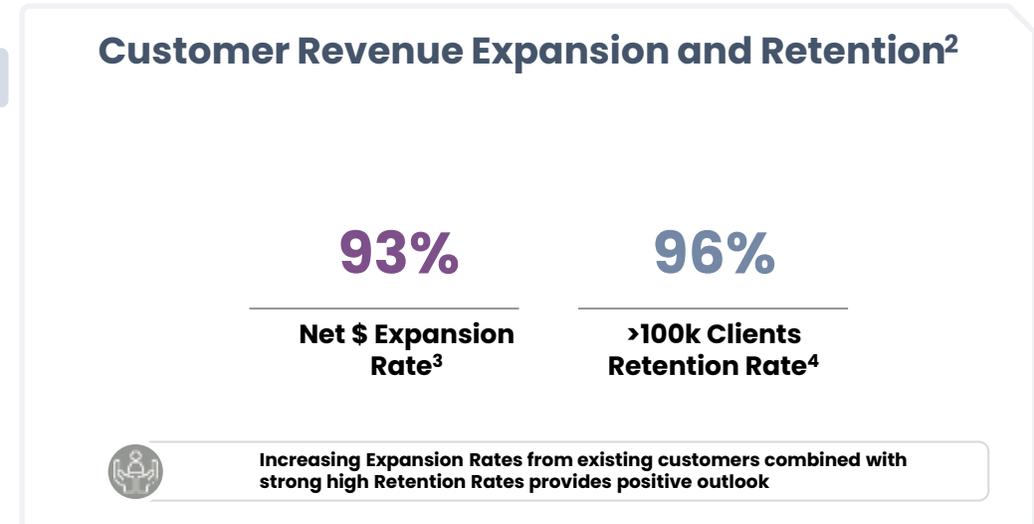
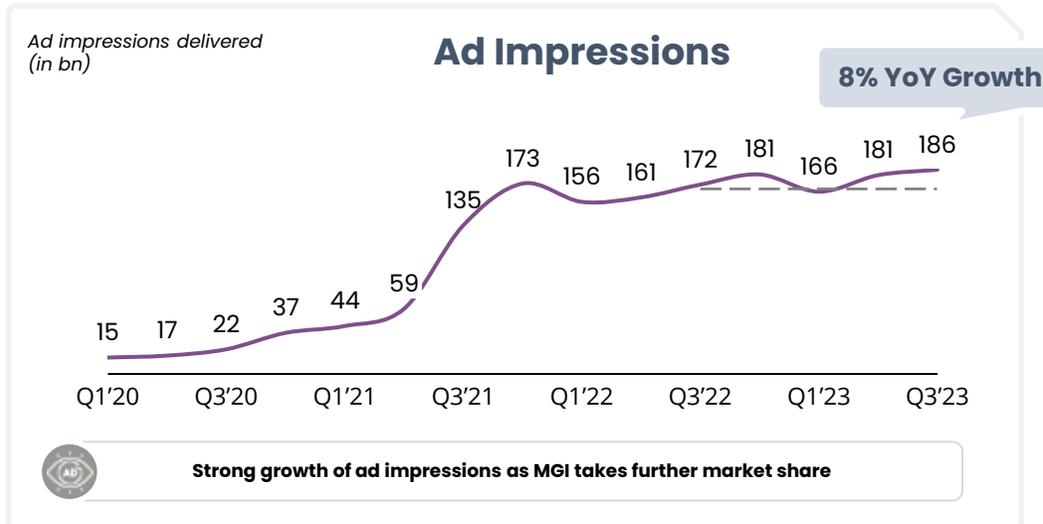


FINANCIALS



Strong Commercial Development Builds Base For Organic Growth

KPIs driving our long-term 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) Q3'23 Net \$ Expansion Rate based on Programmatic Exchange Business, including Smaato, (4) Includes ad-platform customers > USD 100k gross revenues



Positive Organic Growth During Third Quarter

-11%

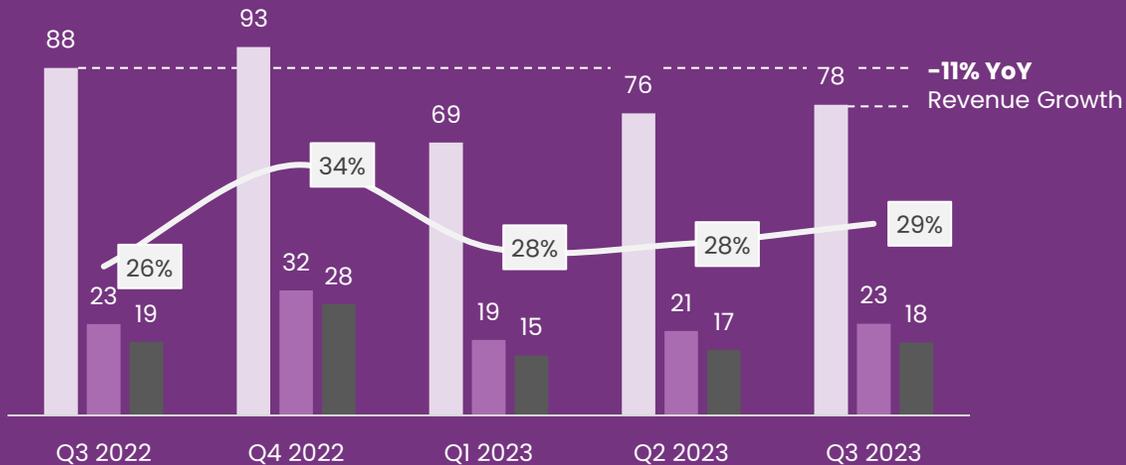
Revenue Growth

Unadjusted for divestments and FX in the amount of 10.2mEUR

1%

FX-adjusted Organic Revenue Growth

- Net Revenues
- Adj. EBITDA
- Adj. EBIT
- EBITDA Margin



Highly Profitable and Cash Generating Q3 2023

Strong Margin %

29%

Adj. EBITDA margin

24%

Adj. EBIT margin

High Cashflow

28mEUR

Operating cashflow

112%

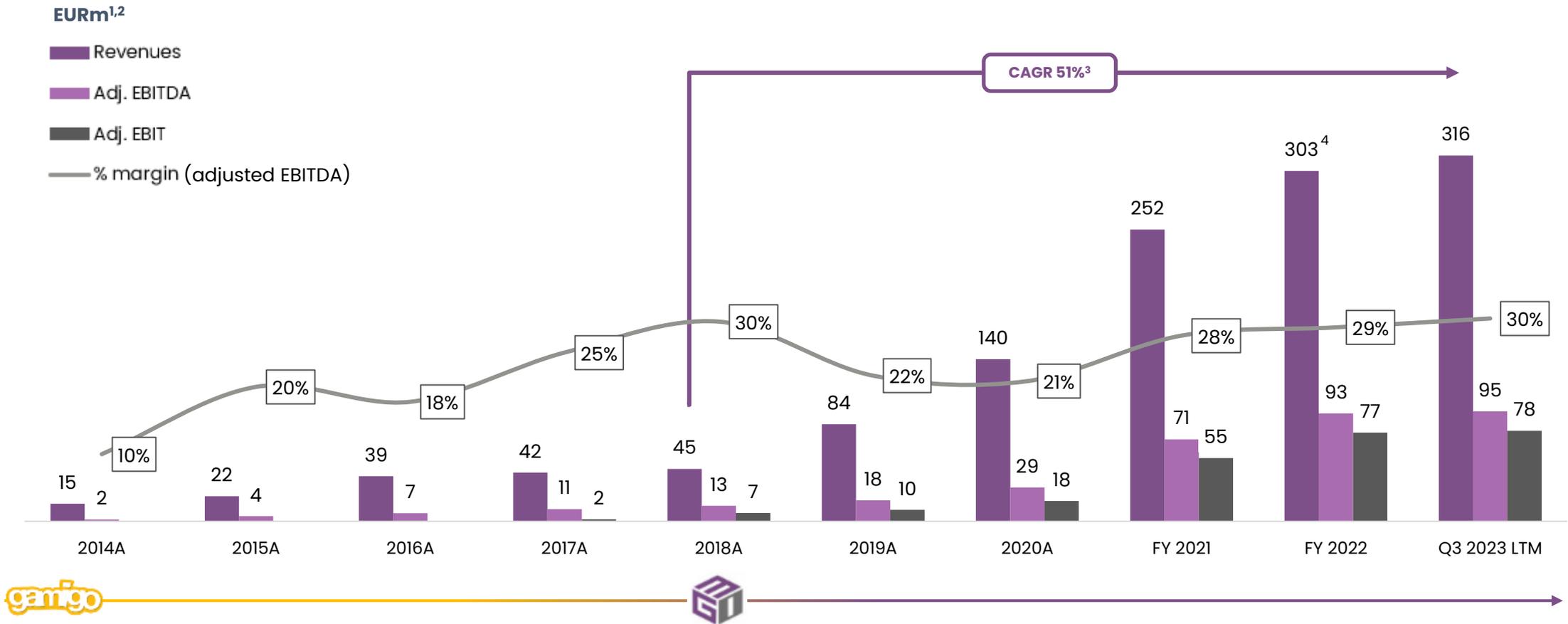
Cash Conversion¹

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



Consistent Long-Term Financial Development

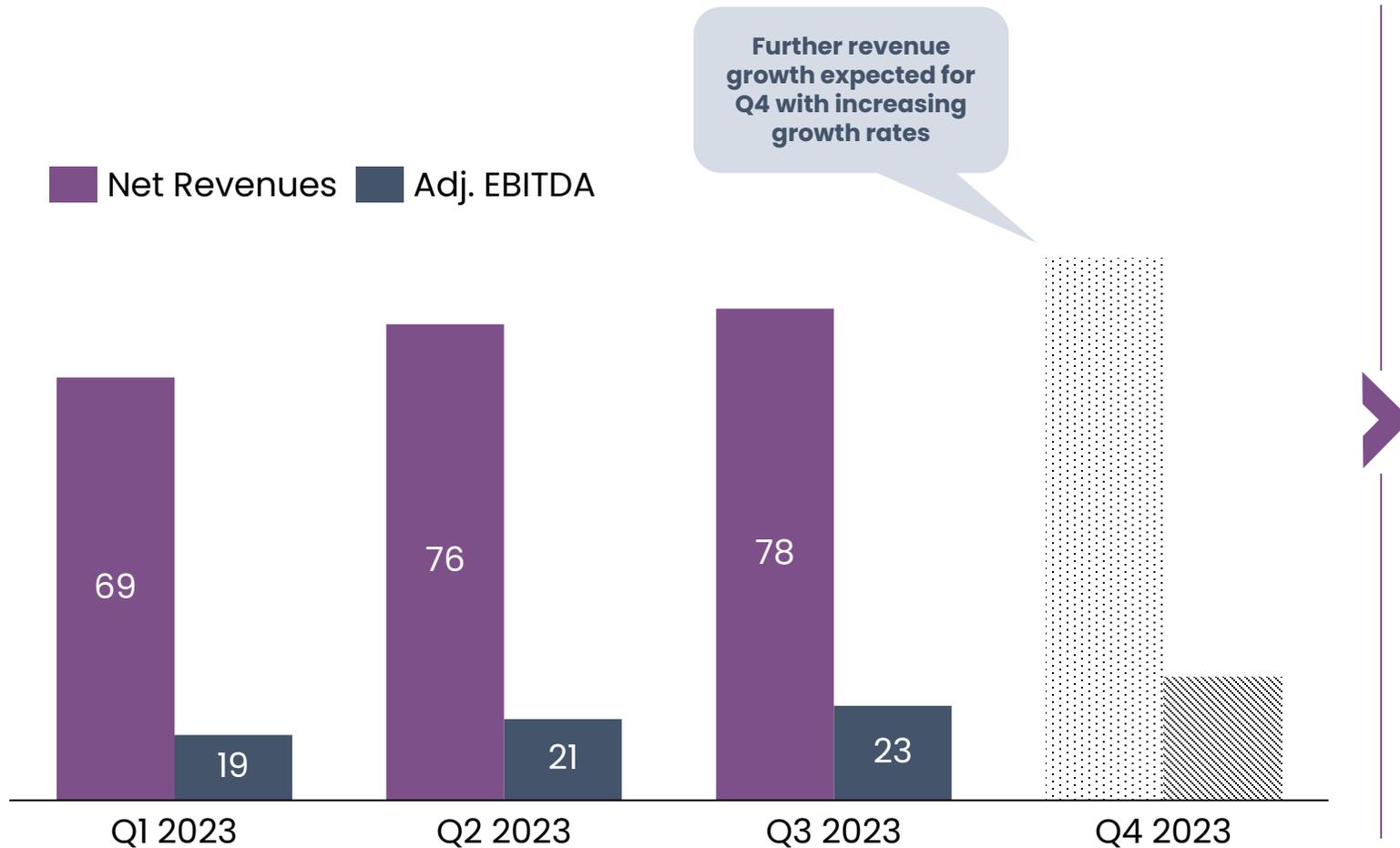
Highly scalable and profitable business model with strong organic growth



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 – Q3 2023 LTM, (4) normalized by €21m for FX effects and divestments

Revenue Growth with Further EBITDA Increases Expected For Q4

Seasonality will further support revenue and EBITDA growth in Q4 2023



Commentary

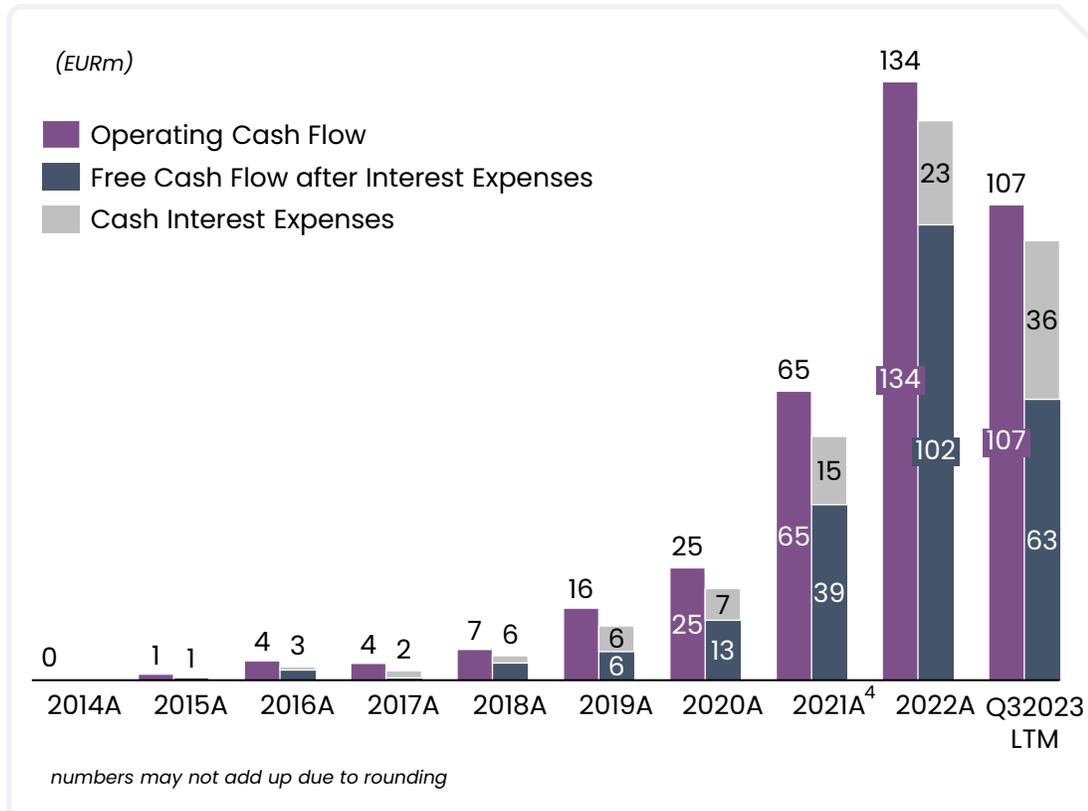
- Revenues tend to build up during the year (**Q1 < Q2 < Q3 < Q4**)
- EBITDA tend to build up during the year (**Q1 < Q2 < Q3 < Q4**)
- We expect the unspent budget in first 9 month to be used up as marketers push to clock in sales and conversions before the end of the year
- Programmatic ad revenues in Q4 are driven by, Thanksgiving, Black Friday, Christmas



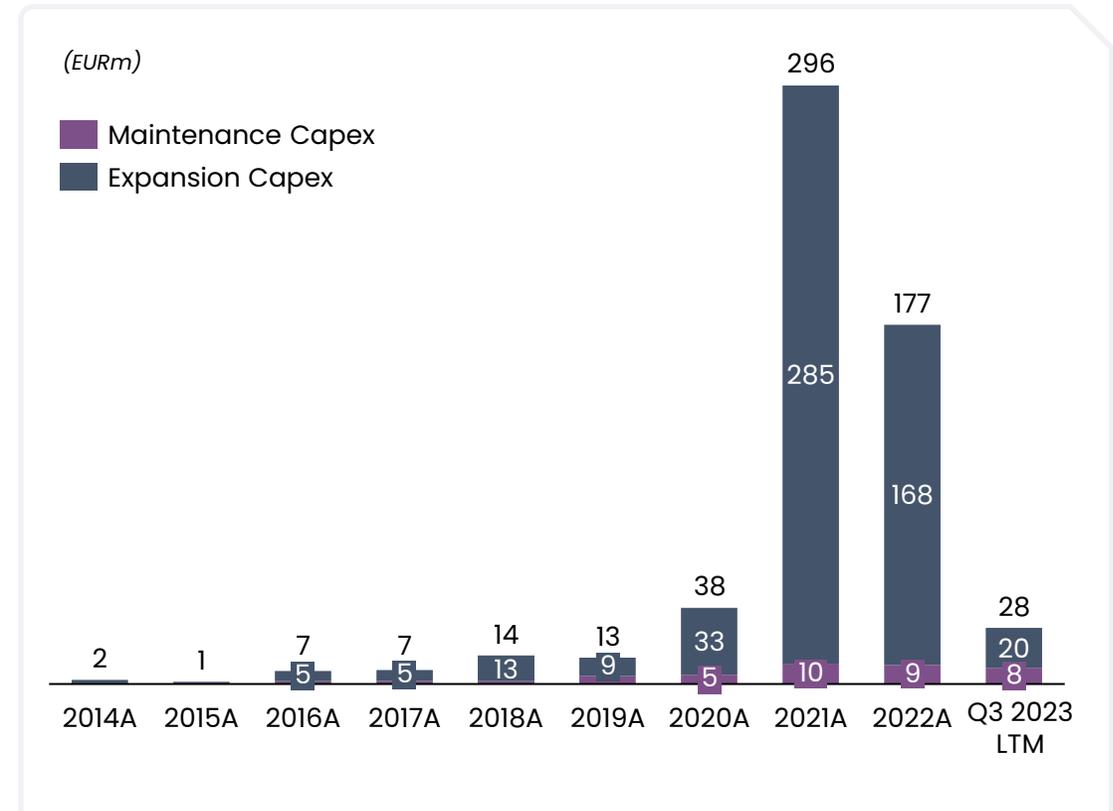
Operating Cash Flow and Capex Development

Strong cash flow from operations, continuous investments in organic growth

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



Capex development³



High free cashflow despite increased interest expenses due to reduced 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



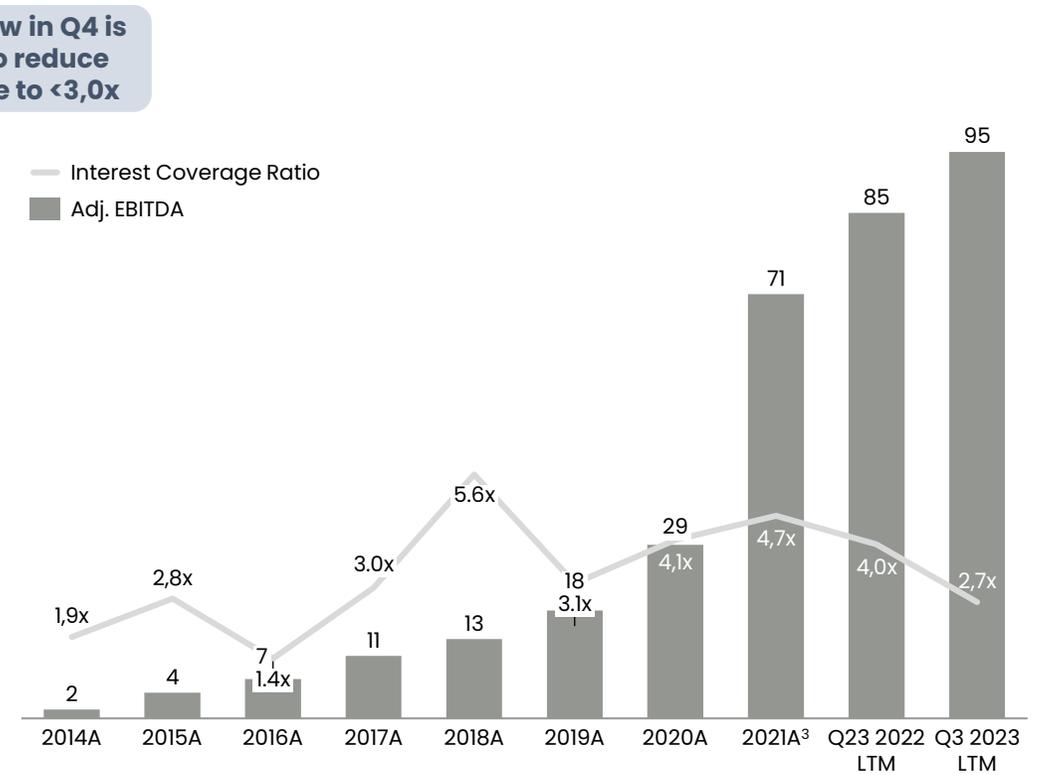
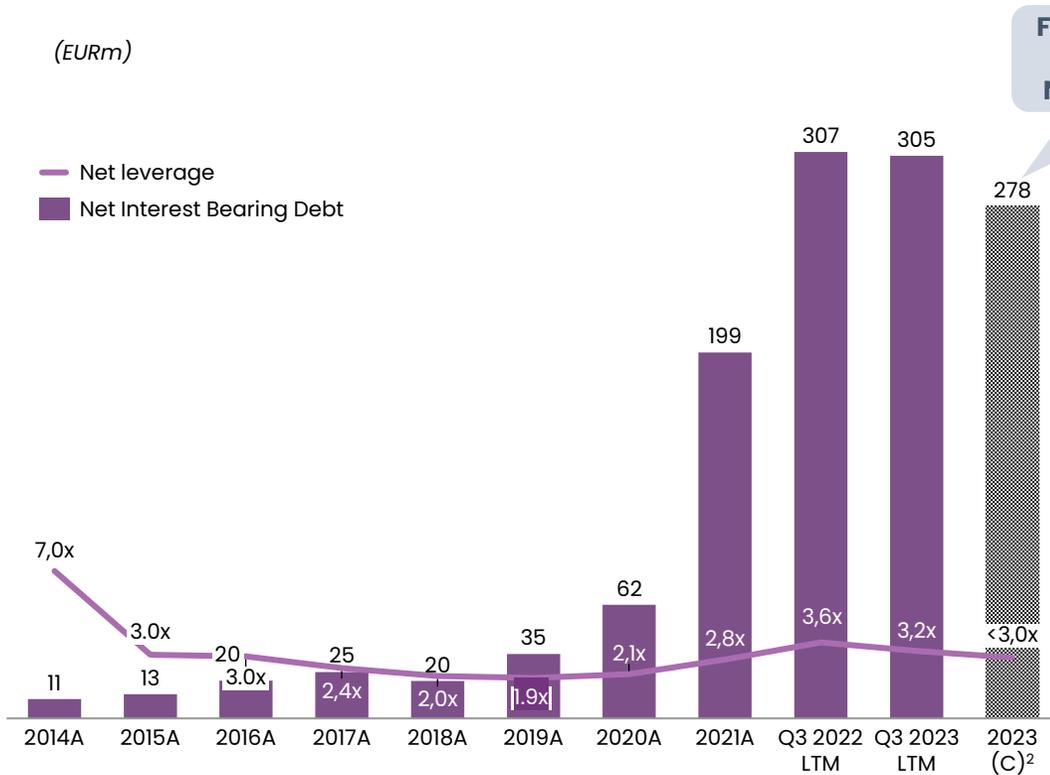
Net Leverage & Interest Coverage Ratio

Focus on further deleveraging in the coming quarters

Net debt to adj. EBITDA ratio development¹

Interest Coverage ratio development¹

(EURm)



Solid credit ratios with focus on further deleverage

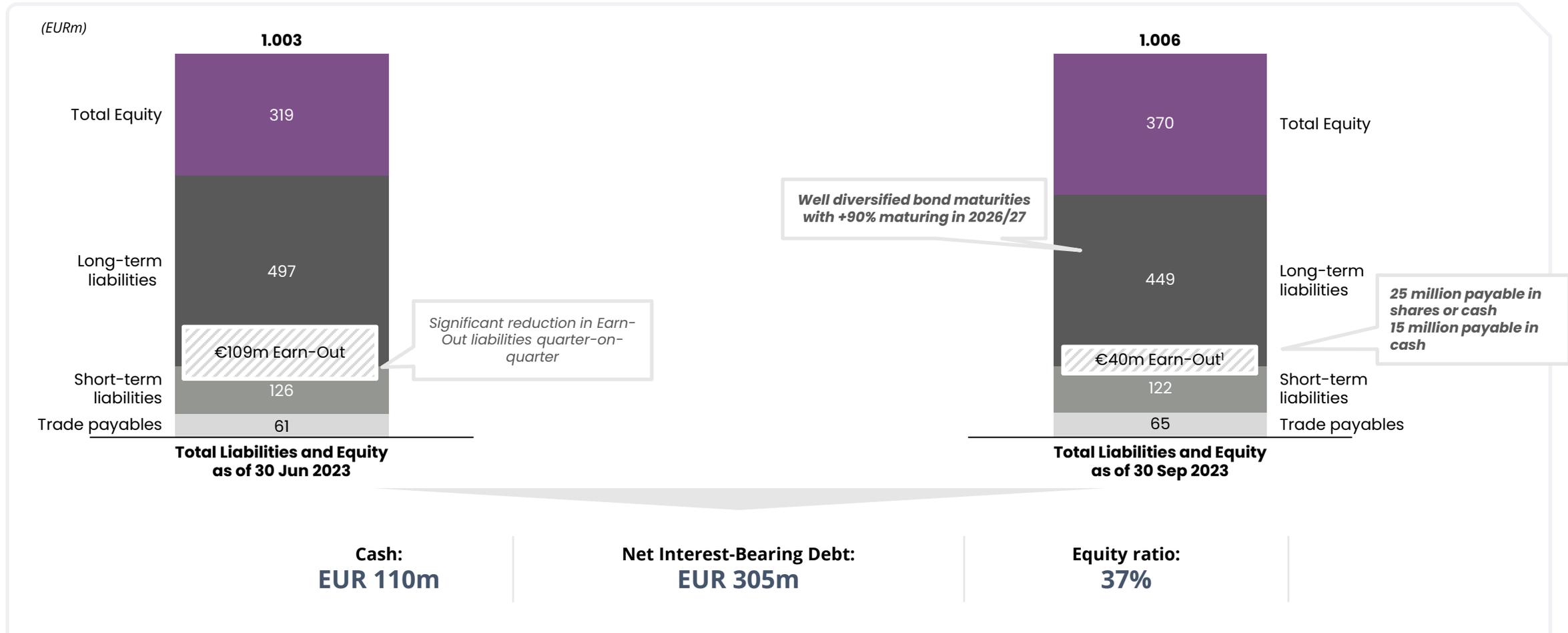
Source: Group information,
 Notes: (1) 2014 – 2017 gamigo group numbers. 2018 – Q3 2023 LTM MGI Group numbers, (2) Based on Consensus Data available on the Companies website in the "Analyst Coverage" Section, (3) Starting 2021A only includes Cash Interest Payments



The MGI Balance Sheet

Strong balance sheet with high cash position to navigate the cycle

Development of Balance Sheet – Total Liabilities and Equity



Note: (1) Recent AxesInMotion earn-out revaluation leading to ~€62m earn-out liability reduction



REITERATED GUIDANCE

Stable year-over-year performance for 2023

	Actuals 2022	Normalized 2022 (*for divestments & FX)	Initial Guidance 2023	Reiterated Guidance 2023
Revenue (in €m)	324	303*	335-345	At normalized* 2022 levels
Growth	29%	20%	3-7%	stable
Adj. EBITDA (in €m)	93	93	95-105	At 2022 levels
Growth	31%	31%	2-13%	stable

We expect stable YoY revenues in 2023 vs 2022 normalized for fx and divestments

Resilient profitability with further support from €10m cost saving program



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 euros into further growth and deleverage

Adj. EBIT margin
15–20%

Pro-Forma Leverage¹
2–3x

We are confident we will maintain our target leverage range



OUTLOOK & CLOSING REMARKS



IN-APP

- Leading U.S. & EU positions built within four years
- Focus on further increasing market share



CTV

- Next key focus area; building on in-app and data strengths
- Investing in features and sales



DATA & AI

- Leading mix; contextual + 1st party + behavioral
- Well prepared for ID-less world



COST

- Flexible cost structure
- Ability to adapt cost to protect profitability



GROWTH

- Resilient in weak macro environment
- Outlook; increasing CPM's & return to 2-digit organic growth

Thank You.

www.mgi-se.com