

Media and Games Invest envisaged to close Smaato acquisition on September 1, 2021. Board decides to focus on scalable Media SaaS business and close the low-margin influencer- and performance business

Friday, August 27, 2021 - Disclosure of inside information according to Article 17 of the Regulation (EU) No 596/2014 (MAR)

- **Smaato acquisition envisaged to close on September 1, 2021, well ahead of schedule as all required approvals by authorities and regulators have been received**
- **The digital advertising technology platform of Smaato will further strengthen MGI's programmatic SaaS-offering and EBITDA-margin-profile**
- **Based on the strong revenue and margin development in the media business, the board has decided to run off the low-margin and slow growing German influencer- and manually based performance-marketing-unit representing app. a 6.5% share of the Q2 2021 Group revenues**
- **As a result, profit-margins of the media segment are expected to accelerate in the future**
- **The Financial Guidance (including Smaato) of EUR 234-254m revenues and EUR 65-70m adj. EBITDA remains unchanged for full year 2021 (early closing of Smaato compensates costs associated with the closing of the German influencer and performance marketing subunit)**

August 27, 2021 - Media and Games Invest SE ("MGI" or the "Company", ISIN: MT0000580101; ticker M8G; Nasdaq First North Premier Growth Market and Scale Segment Frankfurt Stock Exchange) expects to close the acquisition of Smaato, a digital advertising technology platform, on September 1, 2021. As all required approvals by authorities and regulators have been obtained earlier than anticipated, closing is well ahead of schedule. Smaato has been acquired from Shanghai Qiugu Investment Partnership (Limited Partnership). Following the announcement of the transaction on June 21, 2021, MGI has acquired 99.9% (which corresponds to all shares of Smaato except one share) of Smaato's holding company "Shanghai Yi Qiu Business Management Co., Ltd.". A call option for the remaining one share has been agreed and can be executed by MGI from March 31, 2022 onwards.

Within MGI's media segment Verve Group, which represented 51% of MGI's total revenues in Q2 2021, MGI is building a global transparent vertical omnichannel programmatic SaaS platform covering the entire value chain in the media sector from advertiser to publisher, using a buy and build strategy. Due to the programmatic media business being based on a software as a service (SaaS) principle, the business is very well scalable and creates high margins and retention rates, which is also proven by the past track record of MGI.

Following the acquisition of Smaato as well as the strong development of the programmatic business of Verve Group and taking into consideration the continuing weak performance of the influencer- and manually based performance-marketing activities, the board of MGI has taken the decision to fully focus within the media segment on the programmatic business and run off the influencer and performance marketing unit. Growth and EBITDA-margins were single digit to zero in these activities, and could not keep pace with the scalable, fast growing and high margin-business of the programmatic business of Verve Group, which posted a growth-rate of 159% in sales in Q2' 2021 compared to Q2'2020, and an accelerated growth of adj. EBITDA-margin to 16% in Q2'2021 (Q2 2020: 11%) (these numbers do not even include Smaato acquisition yet). Influencer- and manually based performance-marketing are businesses which have proven to be not as scalable as the programmatic SaaS-business of Verve Group, as it requires intensive manual work and therefore also has a lower margin profile compared to the Games and Media SaaS businesses. The discontinuation of the German influencer- and performance-marketing unit affects app. 6.5% of MGI's revenues (based on Q2 2021 financials

which do not include Smaato) and will affect around 10% of the worldwide MGI employees which will be made redundant as a consequence of the discontinuation. As the unit includes massive manual workstreams the number of employees is relatively high compared to the amount of revenues which results in the low margin profile of the business.

The board has further decided to fully focus MGI on the synergetic gaming and programmatic media activities as here growth and EBITDA-profiles are strongest. As a result, the profit-margins of Verve Group are expected to accelerate.

-End of MAR release-

-Information and Explanation of the Issuer to this News-

The acquisition of Smaato is adding a powerful mobile first supply side platform to MGI's media segment Verve Group. The acquisition of Smaato is another important step for MGI's "Buy, build, integrate and improve" strategy and adds critical mass to MGI's media segment Verve Group by adding further advertisers (demand) and publishers (supply) to its platform. Smaato is expected to generate revenues of EUR 39 million and adjusted EBITDA of EUR 13 million for FY 2021. An enterprise value of EUR 140 million was agreed between the parties for the Smaato acquisition, resulting in an EV/EBITDA multiple of 10.7x based on the guidance of 2021, and 6.8x based on the guidance for 2022. The purchase price is paid in cash, whereas 10% of the purchase price will be deposited on an escrow account. CV Capital served as the exclusive financial advisor in the transaction.

"I am pleased to announce the envisaged closing of the Smaato acquisition one month ahead of schedule. While Verve Group already had a strong performance in the last quarters with 159% YoY revenue growth and 16% adj. EBITDA margin in Q2 2021, Smaato is expected to add further substantial revenues and EBITDA as well as substantial synergies. Amongst other, Smaato also offers geographic synergies, having a strong presence in the fast-growing Asian digital market while both, Verve Group and Smaato, are strong in North America and Europe. This acquisition is a further step in positioning Verve Group as a true vertical omnichannel programmatic SaaS platform. The decision to discontinue the influencer and performance marketing unit was not an easy decision as it affects loyal and hardworking employees of the group. Nevertheless, as a group we need to focus on profitable growth areas and have to admit that the influencer and performance- marketing unit will not be able to meet our ambitious revenue-growth and EBITDA-targets. As we are further convinced that influencers play an important role, especially in launching new games, we will continue to work with influencers, however via external parties.", says Remco Westermann, CEO of Media and Games Invest SE.

Responsible parties

This information is such information Media and Games Invest SE is obliged to make public in accordance with the (EU) Market Abuse Regulation 596/2014. The information in this release has been made public through the agency of the responsible persons set out below for publication at the time stated by MGI's news distributor EQS Newswire at the publication of this release. The responsible persons below may be contacted for further information.

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About Media and Games Invest SE

Media and Games Invest SE is a digital integrated games and media company with main operational presence in Europe and North America. The company combines organic growth with value-generating synergetic acquisitions, demonstrating continuous strong, profitable growth with a revenue CAGR of 78% (2018 – LTM Q2'21). Next to strong organic growth, the MGI Group has successfully acquired more than 30 companies and assets in the past 6 years. The acquired assets and companies are integrated and amongst others cloud technology is actively used to achieve efficiency gains and competitive advantages. The Company's shares are listed on Nasdaq First North Premier Growth Market in Stockholm and in the Scale segment of the Frankfurt Stock Exchange. The Company has a secured bond that is listed on Nasdaq Stockholm and on the Frankfurt Stock Exchange Open Market as well as an unsecured bond listed on the Frankfurt Stock Exchange Open Market.

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